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Yugoslavia

Federal—TANJUG reports that the Yugoslav Army Information Service released a statement on a 29 July meeting between Yugoslav and Croatian Army representatives. The statement says that the representatives "discussed only procedures which must be observed before the Yugoslav Army's evacuation from the area."

Bosnia-Hercegovina

TANJUG reports that General Ratko Mladic, chief of the Army General Staff of the Serbian Republic of Bosnia-Hercegovina, stated in a 29 July interview that the "Serb population is defending only its own territory and that he does not believe that the international community will allow military intervention." He added: "If they do not accept the peace proposal and if there is military intervention, the war will not be limited only to our territory but will spread to the territories of those who brought war to this territory."

Czechoslovakia

Prague radio reports that on 30 July, the Federal Assembly was unable to elect a president for the third time. None of the three candidates, Marie Kristkova, Zdenek Pinta, and Zdenek Prochazka, were able to capture a majority in two rounds of voting.

Slovenia

Ljubljana radio reports on a 30 July news conference held by the Slovene delegation to an international conference on refugees from Bosnia-Hercegovina held in Geneva. Referring to the government's safety zone proposal, Vice President Joze Pucnik stated: "I would say that there are realistic chances that something will come out of this proposal. Namely, this proposal has two dimensions. There is a statement referring to the issue of the refugees, but it actually implies an intervention in this territory."

Poland

Prime Minister Hanna Suchocka assured German Foreign Minister Klaus Kinkel on 29 July in Warsaw that the "socio-economic situation in Poland is gradually stabilizing," PAP reports. Kinkel stated in a news conference that his talks in Warsaw "created foundations for the future, opening new possibilities of actions as well as new tasks." One important task will be defining a new function for the German minority in Poland, and outlining the rights of Poles residing in Germany.

Romania

ROMPRES reports that a meeting between the Parliamentary Electoral Commission and representatives of political parties that have no members in parliament ended after "stormy" talks during which the leaders of the political parties stated that "the election law was seriously discriminatory" due to the fact that "parties that are not represented in parliament are compelled to pay for broadcasting time, while the parties with members in parliament pay nothing."

National Bank Cuts Interest Rate to 45 Percent

AU3007192092 Sofia BTA in English 1837 GMT 30 Jul 92

[Text] Sofia, July 30 (BTA)—The Governing Board of the National Bank of Bulgaria (BNB) set the base interest rate at 45 per cent, 4 per cent below the current rate, as of August 3, 1992. A month ago the bank cut the annual base interest rate from 54 to 49 per cent. The National Bank of Bulgaria expects that the reduction will encourage the recovery of production and foreign trade, the BNB press release says. The bank's Governing Board is aware of the high inflationary expectations yet believes that a lower rate of interest will help stabilize the exchange rate of the Bulgarian lev. The bank cannot rule out the possibility of raising the interest rate, depending on changes in the economic situation.

At its meeting today the Governing Board of the National Bank of Bulgaria decided to grant the Ministry of Finance a 1.5 million lev time loan due for repayment on October 31, 1992, at the current base interest rate. The loan will be effective on July 31, 1992.

Cabinet Approves System for Privatization Tenders

AU3007180692 Sofia BTA in English 1744 GMT 30 Jul 92

[Text] Sofia, July 30 (BTA)—At its regular meeting today the Council of Ministers adopted an ordinance establishing a procedure and terms for the privatization of state- and municipal-owned enterprises by tenders.

The decisions to invite tenders will be initiated by the cabinet, the Privatization Agency, the branch ministries or the municipal councils and will be made public. Commissions consisting of at least five members, one of whom is a qualified lawyer, will receive tenders and participation deposits amounting to between 5 and 10 per cent of the offered price. Bidders should submit a project for the unit's economic development (market, technological, organizational, social and environmental protection policy) and guarantees that it will be implemented.

Sales contracts will be awarded by the government, the Privatization Agency, the branch ministries or the municipal councils within one month of the commission's considering the tenders and submitting its report. All tenders may be turned down without express motivation, the ordinance says. Tenderers have the right to appeal to a court of law over any irregularity in the arrangement and conduct of the tenders.

The property tendered passes into possession of the winner after he signs a contract incorporating the proposals he submitted in advance. A buyer failing to comply with the terms will be liable to pay damages amounting to 50 per cent of the investment agreed but not made and 150 per cent of the average national wage for each job which was not created. Any person having access to the tender dossier and the tenders should pledge to keep trade and official secrets, the ordinance says. When a title to land is tendered, foreign persons may take part through a commercial partnership they have formed.

The ordinance will also apply to the sale of shares and interests by publicly invited tenders, the cabinet decided today.

President Defends Private Business, Notes Alarm

AU3007202692 Sofia BTA in English 1911 GMT 30 Jul 92

[Text] Sofia, July 30 (BTA)—President Zhelyu Zhelev today met with private businessmen.

"Private business is the power base of democracy," Dr. Zhelev said at the meeting attended by representatives of the Bulgarian Chamber of Commerce and Industry, the Union for Private Economic Enterprise, the Bank for Agricultural Credit, the Prosoft Company, the Vuzrazhdane union, etc. The president expressed his conviction that the economic reform would be impossible without the promotion of private enterprise. Dr. Zhelev is alarmed by attempts in certain circles, including people in the Union of Democratic Forces (SDS), to blame private businessmen for disloyalty and for creating mafia-like structures. Such allegations have to be documented and proven in court as is the practice in normal states, Dr. Zhelev said. According to him, they are dangerous as they may conjure up the spirit of communism, arouse envy or wage-levelling aspirations. "Private business should be assisted, not undermined by law," the president said. He sees as alarming the government-sponsored amendments to the Criminal Code targeted against private enterprise.

The participants in the meeting raised a number of issues: passport and visa regulations for business travellers, the need to conclude banking, visa and transport accords with the former Soviet republics and restore Bulgaria's positions in ex-Soviet markets, etc. The businessmen expressed concern about the excessive state control over the economy, the practice of writing off the debts of state-owned companies and recovery-impeding high interest charged on loans to private businesses. According to a survey commissioned by the Union for Private Economic Enterprise, the state share in the economy has recently risen by 2.4 per cent, mostly due to bankruptcies and shrinking production in small and medium-size businesses, said the the union's president Mr. Valentin Mollov. Commenting on accusations of money-laundering, Mr. Mollov reiterated his proposal to hold an international symposium on this problem in early 1993. President Zhelev was invited to accord the event his patronage.

The meeting decided to submit all questions and proposals to the president in writing. At the president's suggestion the next meeting will be attended by members of the National Assembly Economic Committee.

DPS Leader Explains Antigovernment Vote

AU3007143492 Sofia TRUD in Bulgarian 25 Jul 92 pp 1, 2

[Interview with Ahmed Dogan, leader of the Movement for Rights and Freedoms, by Todor Lipanov in Sofia on 24 July: "Government Opposes Trade Unions, Will Lose Battle"]

[Text] Many people asked themselves yesterday why Ahmed Dogan voted against the government in the no-confidence vote proposed by the Bulgarian Socialist Party [BSP]. Our reporter addressed this question to Ahmed Dogan:

[Dogan] My vote of no-confidence was based on profound reasons. First, I am puzzled by the government's unscrupulous anti-trade union policy. I think that a cabinet that opposes the trade unions will lose the battle, in any event. If it does not lose the battle, then that will be the beginning of a cataclysm or a new stage in the dictatorship of certain political forces. I also have many reservations about anything related to the activity of certain ministries, and most of all—the Ministry of Finance. I already have serious doubts as to whether the road selected by the present government is the most correct one to lead us out of the crisis.

[Lipanov] Nevertheless, as a leader of the Movement for Rights and Freedoms [DPS], which is the basic ally of the Union of Democratic Forces [SDS] under the present political reality, you could express your position. Why did you decide to do it precisely during the crucial voting?

[Dogan] My critical assessment of the government is not a new factor. I expressed my disagreement when the nucleus of a position that I could understand emerged. Actually, when will we cease to strengthen the state structures to an extent that they hinder free initiative? The market economy is a social characteristic, a structure, and a function that does not need the guardianship of the state. Precisely the opposite is taking place in our country. I anticipate with great interest the results of the investigation conducted by a number of parliament members in connection with the Neftokhim affair. I am afraid that unpleasant and perhaps unforeseeable things for the government will emerge and affect not only the status of certain people, but also their moral image. This is an assumption of mine, based on preliminary information.

[Lipanov] Do you not think that many people could fail to understand you and then accuse you of jeopardizing the government of the democratic forces because of your wish to play the role of a moralizer?

[Dogan] I must calm those people. I was aware in advance of the configuration of forces, and many things were coordinated within our parliamentary faction. I simply wanted this to be a signal, or an attempt if you will, to save the government and warn it that it must begin a dialogue with the SDS within the framework of the parliamentary majority. Otherwise, the attitude of our entire parliamentary faction toward the "no-confidence vote" must be viewed as a defense of the blue [SDS] idea and an attempt to save the people's hope that the SDS is the champion or one of the basic champions of the democratic processes.

[Lipanov] Will you again pose the issue of reshuffling the cabinet?

[Dogan] One should not hurry and set a deadline for this, but I am convinced that after the parliament's summer recess, the deputies will face a basic problem—the issue of the government and its composition.

Official Register of Political Parties Detailed

AU3007165792

[Editorial Report] Sofia KURIER in Bulgarian No. 120 on 22 June and subsequent issues continues to carry special supplements with information on Bulgarian political parties and organizations included in the official register. Substantive information on individual parties in these supplements is given below, with the source reference supplied in parentheses following each entry.

81. Bulgarian Communist Party (Marxists) (BCP-M)

The BCP-M "was formed in July 1990 following a split in the BCP (formerly called Party of the Working People)." It held its constituent conference in Sofia on 27 October 1990. The BCP-M "supports the idea of a united left-wing front, and primarily defends the interests of working people. The party accepts Marxist-Leninist doctrine not as dogma, but as a modern open theory that is continuously supplemented and enriched." It publishes the newspaper TRIBUNA (Tribune). The party's leading organ is the Executive Council, with Boris Petkov as its chairman. (No. 120, 22 Jun 92 p 11)

82. Movement for Democracy and Social Justice (DDSS)

The movement first appeared in December 1989 under the name of United Front; it was later renamed Antifascist Front and took its present name in November 1990, when it held its constituent conference in Sofia. The movement "is democratic in nature, based on the principle of political pluralism. It strongly supports a republican parliamentary form of government. In its sociopolitical character, the movement is independent; it is not a coalition of political forces." The DDSS is antifascist and antitotalitarian, advocating different forms of ownership and a developed market economy with controlled prices for essential goods. It supports a fair agrarian policy and respect for human rights. The leading DDSS organs are the National Council and the Executive Bureau, and the movement's chairman is Dr. Slavcho Georgiev. (No. 121, 23 Jun 92 p 12)

83. Bulgarian Agrarian Youth Union (BZMS)

A group of young people in Sofia began work on restoring the union in November 1989, and on 29 and 30 April the union held its 11th restorative congress. The BZMS "aims to establish itself as a nationwide youth organization based on the democratic ideas of the agrarian movement and the patriotic traditions of the Bulgarian people." The union daily is MLADEZHKO ZEMEDELSKO ZNAME, which is currently not being published for financial reasons. The leading BZMS organ is the Chief Leadership, of which Aneta Kapurdova is chief secretary. (No. 122, 24 Jun 92 p 9)

84. Bulgarian Business Party (BBP)

The idea of forming such a party was first raised in August 1990. "Following the unfavorable development of events at the Bulgarian Business Bloc congress on 10 December 1990," some of the delegates, led by Valentin Mollov and others, decided to form their own party, which was established at a constituent congress held in Veliko Turnovo on 13 January 1991. The BBP held its first regular congress in April 1992, when a new leadership was elected. The BBP "is a political formation open to society that strives to express the interests and aspirations of the Bulgarian nation. It unites free people of initiative who believe in the values of liberalism, economic democracy, and technological progress, and who respect the individual and his inalienable natural rights and freedoms." The party's leading organs are the National Council and Executive Council, and its present chairman is Dancho Dzhikov. (No. 123, 25 Jun 92 p 11)

85. Anarchist Youth Federation (FAM)

The FAM appeared in November 1989 and held its constituent meeting on 20 May 1990. The union "accepts and follows the principles of anarchism regrading a federalist, free, and nonstate system for society." It presently seeks "to popularize anarchist ideas in society's consciousness and promote the dismantling of totalitarian structures in Bulgaria." The FAM "opposes sociopolitical violence, but gives priority to direct action and initiative by the broad masses of the people in defense of their interests." The federation's leading organ is the Coordination and Information Council, "whose members rotate their duties every six months." (No. 124, 26 Jun 92 p 9)

86. "Rodolyubie" Association-Slivnitsa. No information on this association is published.

87. Bulgarian Business Bloc (BBB)

The idea of forming the party arose among members of the Union for Citizens Economic Initiative. A constituent conference held in Sofia on 25 November 1990 formed a committee to prepare the program documents and the BBB held its First Constituent Congress on 10 December 1990. Some of the members left the party at its second congress in February 1991. The principal aim of the BBB is "to develop in Bulgaria a prosperous, democratic, and humane society based on free initiative, universal human values, and the achievements of human civilization." It is "an organization of free people with initiative who believe in the values of liberalism, economic democracy, and technological progress." The BBB has no seats in parliament. It publishes the newspaper BIZNESMEN (Businessman). Its ruling organs are the National Council and the Executive Council, and George Ganchev is its chairman. (No. 125, 29 Jun 92 p 11)

88. Bulgarian Democratic Party for European and World States (BDPESSht)

The idea of forming the party arose in May 1990 among people who had left the Democratic Party. The party held its constituent meeting in Sofia on 1 December 1990. The party declares itself to be "a new moderate party unburdened by the past, standing in the center of political life." It "fights to develop Bulgaria as a democratic parliamentary state with a multiparty system" and wishes to restore the Turnovo Constitution. It "supports united European and international states in order to decide national and international problems once and for all." The party is governed by a National Leadership. Its president is Dr. Ivan Gurchev, and the chairman is Ivan Veselinov Shabanov. It publishes the newspaper EVROPEYSKI I SVETOVNI SHTATI (European and World States). (No. 126, 30 Jun 92 p 12)

89. Christian Radical Democratic Party (KhRDP)

The party was founded on 7 July 1990 "following the disintegration of the Christian Radical Party due to internal dissension." It is "a right-wing nationalist party of the European type and is not based on religion." It "accepts Christian virtues insofar as they are democratic." The party supports parliamentary democracy and the presidential institution, "but does not exclude the possibility of a constitutional monarchy." The party's ruling organ is the Supreme Party Council, and its chairman is Lilyana Petrova. (No. 127, 1 Jul 92 p 12)

90. Union of Democratic Forces-Serdika

The union was founded in Sofia in March 1991. At present, "it is not developing its activity." Its ruling organ is the Ruling Council, and Yordan Todorov holds the post of chairman. (No. 128, 2 Jul 92 p 10)

91. Constitutional Union-Plovdiv

The Constitutional Union was begun by Manol Zhurnalov and others in December 1990 as "a nationwide supraparty public-political organization aiming to defend and preserve constitutional order," and held its constituent meeting in Plovdiv on 5 January 1991. The union supports restoration of the Turnovo Constitution. It considers itself right of center. The union's leading bodies are an Expert Council and a Ruling Council. Manol Zhurnalov chairs the union and the Expert Council. Filip Buchkov chairs the Ruling Council. (No. 129, 3 Jul 92 p 11)

62. Republican Party in Bulgaria

The party held its first congress on 20 and 21 June 1992, at which it reaffirmed its support of the SDS (Union of Democratic Forces) line. The congress elected Aleksandur Spiridonov as chairman and reelected Darya Tabakova and Dragomir Nenov as deputy chairmen. (No. 128, 2 Jul 92 p 10)

92. Christian Democratic Union in Bulgaria (KhDS)

On 27 January 1990, the "Democratic Front" Independent Public Citizens Organization was founded in Sofia and joined the SDS coalition on 6 March 1990. In January 1991 this organization changed its name to Christian Democratic Front, which was reregistered under the present name in Sofia on 17 March 1992 following a merger of the Christian Democratic Front and the Christian Democratic Party in Bulgaria. The KhDS "strives to develop Bulgaria as a modern democratic state with a social market economy," based on free private ownership, personal initiative, and respect for human rights. It seeks to reestablish the values of Christian democracy. The union's leading organ is the Coordinating Council, and its chairman is Yuliy Pavlov. (No. 130, 6 Jul 92 p 9)

93. Christian Democratic Community (KhDO)

On 19 October 1989, a Committee for the Defense of Religious Rights, Freedom of the Individual, and Spiritual Values was founded under the chairmanship of Father Khristofor Subev. The committee was one of the founding members of the SDS. After successively adopting the names of "Salvation" Christian Union and "Salvation" Christian Democratic Alliance, it then split into two organizations—the Orthodox Mission as a Religious Organization Defending the Rights of the Masses, and the KhDO, which was founded on 14 February 1990 in order to separate social-political activity from the religious-social affairs of the "Salvation" Christian Democratic Alliance. The KhDO aims "to defend religious civic rights and restore Christian morality and virtue" by taking part in political life. The KhDO's honorary chairman is Father Khristofor Subev, Stoyan Gryuchev and Metodi Spasov are the organization's co-chairmen. (No. 142, 22 Jul 92 p 9)

94. "Preobrazhenie" Political Forum (PFP)

The "Preobrazhenie" ("Transfiguration") Political Forum was formed in September 1990 and held its constituent conference in Sofia on 12 March 1991. The PFP advocates "a market economy with a pronounced social element and new distributive relations, wherein the state assumes a regulatory role, stimulating development of the market and production in conformance with ecological requirements." The PFP holds no seats in parliament. Its ruling organ is the Interim National Committee, and its chairman is Prof. Siyka Georgieva. (No. 131, 7 Jul 92 p 11)

95. Union of Property Owners in Bulgaria (SSB)

The SSB was founded on 5 August 1990 in Sofia. It regards itself as "an intellectual association of Bulgarian and foreign citizens owning private property and land in Bulgaria and abroad." Its main aim is "to defend and develop the private ownership rights, interests, and obligations of its members." It insists on the restitution of property confiscated since 9 September 1944. The union's leading organ is the National Coordinating Council, and its chairman is Dimitur Panchev. (No. 132, 8 Jul 92 p 13)

96. Democratic Circle "Bulgarians for Common Sense and a National Conscience"

The organization regards itself as a party, and was formed by a group of people in Koynare led by Dimitur Butanski. It was officially registered on 30 April 1991. The party "fights for the democratization of life in Bulgaria by sensible means and within a sensible period, without causing social cataclysms." It places priority on restoring national pride. The party "is not active." Its chairman is Dimitur Butanski. (No. 132, 8 Jul 92 p 13)

97. "Bulgarian Eagle" Association Political Party

The idea of forming the party began in December 1990 and on 22 April 1991, a constituent meeting resolved to found the "Bulgarian Eagle" Association, which was registered as a political party in June 1991. The party "is a scientific-political formation open to society, which is made up of people with initiative and a high intellectual level who respect the rights and liberty of the developing human being and the values of liberalism and technical progress." It advocates "building a civilized society based on an equal start for all," "developing economic, technical, and intellectual prosperity," and "using civilized forms of action to influence state power, local self-government, and public opinion." It has no seats in parliament. "The party's leading representative organ is its chairman," Margarita Kavlakova. (No. 133, 9 Jul 92 p 10)

98. "Party for Justice" United Democratic Union

The party was founded at a constituent meeting held on 13 January 1990. It acts by parliamentary-political means in conformity with the laws and the Constitution, seeking "to establish a genuinely democratic government." It advocates settling all disputes by peaceful means. In agriculture, it favors "a balance between all forms of property," and proposes interest-free agricultural credits. Politically, it stands "slightly to the left of center." The party fought the June 1990 parliamentary elections in the SDS coalition, and ran separately in the October 1991 elections, gaining no seats in both cases. Its leading organ is the Ruling Council, and its chairman is Yosif Zakhariev. (No. 134, 10 Jul 92 p 8)

99. United Democratic Forces-Right Democratic Alliance

The idea of forming the alliance appeared in spring 1990 among members of the "Nonparty People for Democracy" Movement and it was founded at a constituent congress held on 13 January 1991. The alliance "covers the whole political spectrum and is an alternative to all other parties, irrespective of their political hue." It accepts members from all parties, including the former Communist Party. Its principal goal is "to fight for true democracy." Its leading organ is the National Consultative Political Council, and the chairman is Kuzman Kuzmanov. (No. 135, 13 Jul 92 p 11)

100. Green Liberals Party (PZL) (Ecoliberals)

A group of Green Party members decided to form the party following the Second National Green Party Conference in April 1991, and announced the formation of the PZL at a meeting in an SDS club in Sofia on 6 July 1991. The main aim of the PZL is "to continuously defend the democratic system of government and stable ecological and social equilibrium in society." It has a liberal program and right-of-center orientation. The party is not active at present. Its leading organ is the Political Council, and its co-chairmen are Bistra Filipova and Vladimir Dulov. (No. 136, 14 Jul 92 p 8)

101. Democratic Party-Conservative Pact

The party was founded on 23 July 1991 at the initiative of a group of members of the Grand National Assembly. It aims to develop Bulgaria as a democratic state subject to the rule of law, and supports "the principles of neoconservatism—personal initiative, a market economy, and respect for traditional popular values." It uses peaceful means to attain its goals and observes the Constitution and laws of the land. Former members of the BCP and Bulgarian Socialist Party (BSP) are not accepted as members. The party is a member of the Bulgarian Democratic Center. Its leading organ is the Executive Council, and the chairman is Stefan Stoyanov. (No. 137, 15 Jul 92 p 12)

102. "Constitutional Forum" Political Club

The club was founded in July 1991 as a political organization. Its aim is to ensure that "every Bulgarian citizen finds his place, fights for the recovery and democratization of society, comprehends his duty as a citizen, and assumes direct civic responsibility for Bulgaria's future." The club advocates free economic relations within the law, "real guarantees against restoration of totalitarian domination, defense of Bulgarian statehood, and religious tolerance." It holds no seats in parliament. The club's chairman is Ognyan Asparukhov. (No. 138, 16 Jul 92 p 11)

103. "Constitutional Rights and Freedoms" Political Club

The club was formed at a constituent conference held in Kurdzhali and Sofia on 29 August 1991. It aims "to build stable national unity between all Bulgarian citizens and to formulate an independent and consistent nationality policy." It seeks to implement the human rights and freedoms embodied in the Constitution. The club's political work "is determined by the principles of democracy, political and economic pluralism, and pragmatism," in view of the need to implement a deep political, economic, and social reform. It contested the October 1991 elections as a partner of the BSP and is represented in parliament as a member of the Parliamentary Union for Social Democracy. The club's leading organ is the Coordinating Council, and its chairman is Miroslav Durmov. (No. 139, 17 Jul 92 p 9)

104. Union of Victims of Repression in Bulgaria Since 9 September 1944

The union traces its origins from the Club of the Repressed formed in September 1989. It was constituted at a national conference held in Sofia in September 1991. The union hopes to include all repressed persons in its organization and aims "to completely dismantle the totalitarian system." It supports a peaceful transition to democracy and "firmly defends the political and civic rights and freedoms of the Bulgarian people in a state ruled by law." It participated in the SDS coalition as an observer, then suspended its activity in the SDS. The union's leading organs are the National Council and the National Leadership (Executive Bureau). Its chairman is Ivan Nevrokopski. (No. 140, 20 Jul 92 p 13)

105. "Naycho Tsanov" Bulgarian Radical Democratic Party (Bulgarska Radikaldemokraticheska Partiya "Naycho Tsanov")

The party was founded on 28 August 1991. Its chairman is Asen Kolushki. (No. 141, 21 Jul 92 p 11)

106. "New Bulgaria" Political Union (Politicheski Suyuz "Nova Bulgariya")

The union held its constituent meeting in Sofia on 10 August 1991. It aims to achieve "the full democratization of Bulgaria, independence within the future European home, and economic and spiritual prosperity of the Bulgarian nation by means of a radical political and economic dismantling of the post-totalitarian system." It advocates restoration of the monarchy. The union's leading organ is the National Council, whose chairman is Emil Sokolov. (No. 141, 21 Jul 92 p 11)

Assembly Fails To Elect President in Third Round

LD3007164292 Prague Stanice Ceskoslovensko Radio Network in Slovak 1600 GMT 30 Jul 92

[Report by correspondents Daniela Galikova and Milada Richterova from the Federal Assembly building]

[Excerpts] [Galikova] Not even the third election of the president, which was the main point on the agenda of today's deliberations of the second joint session, was successful. Not even in the repeat ballot when it would have been sufficient for Marie Kristkova, Zdenek Prochazka, and Zdenek Pinta to gain a simple majority of the votes. [passage omitted]

[Richterova, in Czech] The next, fourth round of elections for the president of the Czech and Slovak Federative Republic is to be held on 24 September. [passage omitted]

The results of the repeat ballot are as follows: In the Chamber of People, Marie Kristkova received 33 of 59 valid votes, Zdenek Pinta gained only 1 vote, and Zdenek Prochazka 5 votes. In the Czech section of the Chamber of Nations, Marie Kristkova received 23 of 28 valid votes, 2 deputies voted for Zdenek Pinta, and none voted for Zdenek Prochazka. The results in the Slovak section of the Chamber of Nations were similar: Marie Kristkova received 14 of 45 valid votes, neither Zdenek Pinta nor Zdenek Prochazka received any vote in this chamber. [passage omitted]

Next Round on 6 August

LD3007192192 Prague CSTK in English 1820 GMT 30 Jul 92

[Text] Prague July 30 (CSTK)—The Czechoslovak Federal Parliament decided to hold the next double-round of voting for Czechoslovak president next Thursday, August 6, when the 2nd joint session of the parliament's two houses will continue after adjournment.

Proposals for presidential candidates must be submitted by August 3 at the latest.

Strasky Views Complications of Federation Breakup

AU3107080692 Bratislava NARODNA OBRODA in Slovak 27 Jul 92 pp 1,3

[Interview with Federal Prime Minister Jan Strasky "prepared by Branislav Janik"; place and date not given: "A President by Virtue of Official Authority"]

[Text] The ten new Federal Government members swore an oath of loyalty to the Czech and Slovak Federative Republic on 2 July. Paradoxically, however, this cabinet stands a very good chance of entering our history books as the "government of separation." Does Prime Minister Jan Strasky feel the same way?

[NARODNA OBRODA] Mr. Prime Minister, schizophrenia means a divided or split personality. You have referred to the schizophrenic tasks facing your government. Where do you get this feeling from?

[Strasky] As prime minister, I have taken on various tasks—to guarantee the government's activity, to create an environment for an exchange of views, and to maintain a truly functioning state. These are the cabinet's tasks and I identify with them. Nevertheless, my particular personal schizophrenia inevitably proceeds from the fact that I am part of a specific political structure and, at the same time, have my own opinions and convictions regarding the direction in which our current situation could lead us. The government's schizophrenia, obviously, proceeds from the fact that it has to continue the extant economic and political system reform processes. At the same time, however, it is taking steps toward reducing the size of the federation and, in my opinion, this is a reduction below the level necessary for a functioning federation. The government's third task—we already initiated it at the last cabinet session—is to prepare the prerequisites, conditions, laws, norms, and courses of action for the state's possible breakup. I think this is more than enough to cause a feeling of schizophrenia.

[NARODNA OBRODA] What is it like in the cabinet in this atmosphere? Is it a case of Slovaks versus Czechs or the Movement For a Democratic Slovakia [HZDS] versus the Civic Democratic Party [ODS], or is it a united governing cabinet?

[Strasky] We are a Federal Government cabinet. If you had been present at our recent sessions, you would not have come across too many arguments in favor of the situation being otherwise. Since we have already discussed schizophrenia, I am more worried it will manifest itself as Czech-Slovak schizophrenia or as schizophrenia among individual ministers.

[NARODNA OBRODA] The subject of currency was left open at the last round of talks between the ODS and the HZDS in Bratislava. Can you envisage two currencies in one economic area?

[Strasky] I cannot. I perceive this as further support for the elements constituting two independent states, states that can have a single currency only temporarily and with the proviso that they are economically equal and have the same economic will. Having two currencies is not compatible with the idea of a single economic area, if you mean the area of the state. Therefore, I perceive this as a sign that the HZDS is interested in two independent states.

[NARODNA OBRODA] In your opinion, are two currencies possible in a union of states?

[Strasky] Theoretically, such an idea is possible, but it would be very complicated. In general, I argue against the various speculations, that is to say, we cannot permit complications and experiments at the moment.

[NARODNA OBRODA] You have cited the division of the Market Regulation Fund as a specific example of the gradual separation of the economic areas. The most powerful political parties agreed in Bratislava on further federal "symbols" it is necessary to deal with in a new way. Your cabinet is still directing the economy in financial, taxation, and export policy. What, in your opinion, would be the final tolerable limit, the limit beyond which the federal state would cease to function and it would be necessary to inform parliament, the public....

[Strasky] Let me emphasize that I am not looking for a limit. I am looking for—and will look for—individual elements, and the fund's division is one of them. Or, such an element could be the division of the 11 billion korunas from the federal budget intended for the CSFR's employment policy if the idea of civic cohesiveness, by which we are guided today, disintegrates. If both sides came to the conclusion that they also have to divide these 11 billion korunas, then it would merely be a another piece in the mosaic of division and separation....

[NARODNA OBRODA] Nevertheless, the Federal Ministry of Labor and Social Affairs is one of the ministries condemned to extinction.

[Strasky] Of course, we will have to prepare a specific amendment to the budgets associated with the changes in jurisdiction. However, we have agreed not to delimit the funds for the fundamental financial "injections" via which the federation involves itself directly in the common state—for example, in employment, support for farmers, transformation, or conversion—and rid it of its significant jurisdiction in having a direct influence on the economic area.

[NARODNA OBRODA] We talk about a federation, a confederation, and two states. From your position as federal prime minister, do you see a risk for both parts of the state if there is a looser form of coexistence, a union of states?

[Strasky] In essence, there are three risks. The first one is the financial risk resulting from a disparate economic performance. This is often dramatized, but I think we have been living with such a risk for 74 years. Maybe this is only my subjective assessment, but I think the Czech side has done a great deal to make the economies in both parts of the republic equal. The second risk may arise from the division of foreign policy proceeding from Slovakia's international status. Again I do not want to be a prophet of doom, but it is not impossible that in the future one of the sides could become involved in an international conflict and, because a single army is envisaged in a confederation, the other side would have to defend the results of the first side's policy, even if it disagreed with them. The third risk probably has the most significance, although it is necessary to take a specific time frame into consideration. This issue involves different ideas about economic transformation as presented in the policy statements of both republican governments.

[NARODNA OBRODA] The formulation in the Czech Government's policy statement that it is willing to assume responsibility for all the common state's obligations caught my attention. In this context, people in Austria have concluded from your answers that, because debts form part of these obligations and because one third of them are accounted for by $3.0 billion for Slovakia, the republic will sell its successor rights for this sum. Could you clarify this?

[Strasky] The translation of what I said in Vienna contained mistakes. The CSTK director has already apologized to me. This involves speculation on the part of an Austrian journalist. These $3.0 billion are in no way the price of succession—it is not even possible to discuss such a sum. This is a specific manifestation of broadmindedness that may suit both sides. That is, when we began to consider dividing the [common state's] property, it became apparent that this would be very complicated. It would be better if both republics agreed not to dissect every single outstanding debt and one side assumed responsibility for them.

[NARODNA OBRODA] Would the succession of either state be affected by this?

[Strasky] In my opinion, this has nothing whatsoever to do with succession. This belongs, I would say, to the pragmatic international legal category. That is, the world will recognize whoever it likes, whoever guarantees a smooth course of action in the given area. It is not in the interest of one side to spoil the succession of the other. From the point of view of negating individual treaties and agreements, it would even make more sense to talk about dividing the state and not about establishing two states. The more simple the division, the more conflicts we will avoid. If the separation is peaceful—I mean without problems—both states will be conserved as successor states.

[NARODNA OBRODA] Would they understand this offer in the Czech lands?

[Strasky] Do not reduce the issue to the $3.0 billion that would, allegedly, cede to Slovakia as its share of our debt. The Czech Government's statement simply means that it is unnecessary to dissect the accounts payable and accounts receivable in our mutual obligations, debts, and outstanding claims. Evidently, the government came to the conclusion that it would assume this burden and Slovakia could start with a clean sheet.

[NARODNA OBRODA] The portrayal of the budgets as being, and continuing to be, vital and the each on his own principle have already become memorable maxims. Is this really the final nail in the common state's coffin?

[Strasky] You have returned me to an issue I do not like to discuss. People in Slovakia do not like hearing about

the weaker Slovak economy; this may have had some significance at a certain stage of the constitutional and legal negotiations. I simply bear in mind the fact that different economic and non-economic values come into conflict here, and no Czech has the right to say that Slovaks should give up their desire to constitute themselves as a state-forming nation in return for $3.0 billion. In this sense, I do not like to answer your question....

[NARODNA OBRODA] Let us look at it from a purely technical....

[Strasky] Good. The each on his own principle is a confederative principle and makes mutual assistance impossible. Each state does what it wants with its own assets. I am afraid that if we draw up our budgets in accordance with this principle, we will not maintain equal claims in both states, we will simply not have enough for the same things, and, thus, we will also begin to divide the socio-economic area. The principles of civic cohesiveness—which we have already discussed—cannot be implemented in a confederation. A citizen has equal social security and other claims in the federation, even given unequal economic performance. This is impossible in a confederation. I think the thorough implementation of this principle, the each on his own principle, will be sufficient to divide the state or will contribute significantly toward its division.

[NARODNA OBRODA] However, the model for coexistence sought—or rather, proposed—by the Slovak side could, allegedly, be a prototype for a Czech-Slovak Maastricht. Do you believe this?

[Strasky] Let me put it briefly: Let us separate and then try for a Maastricht. This idea proceeds from completely different logic. The argument is that it would be possible to split the federation to the level of Maastricht and then stay together. However, no one can define where this would be, where the limit would be. Simply, we do not want to attempt this.

[NARODNA OBRODA] Mr. Prime Minister, in your opinion, what will the signing of the political agreement between the HZDS and the ODS mean for your cabinet?

[Strasky] The political agreement is an explicit recommendation, especially for the parliaments. Although it speeds up development, this is within the framework of the Federal Government's policy statement. The will to decide or, at least, agree on how we will reach a decision before the magical deadline of 30 September 1992 is manifested in it. I think the more specific and more unequivocal this development is, the better the partially schizophrenic nature of our task, which we discussed at the start of this interview, will be clarified.

[NARODNA OBRODA] In your opinion, how in fact should this clarification manifest itself?

[Strasky] For example, we will not have to devote so much energy to the optimum distribution of jurisdiction between federal and republican organs. This would probably be, politically, a very difficult task for this government. I am becoming more and more convinced that for a long time we have been moving outside the framework of a functioning federation in certain areas—in fact, I am returning to what I said in my reply to your first question. Another and more comprehensive transfer of jurisdiction to the republics would intensify this tendency—not so much toward a confederation, but rather toward the independence of the two republics. At our session prior to the meeting between the HZDS and the ODS it was decided that the CSFR Government will start work on draft laws on ending the federation and on dividing federal property. It is known that suggestions concerning certain central state administration organs were made at the negotiations and are contained in the political agreement. Therefore, the government will speedily prepare proposals for their implementation.

[NARODNA OBRODA] Vaclav Havel's resignation has created an unusual situation and has placed further obligations on your government and on you personally. Mr. Prime Minister, is the fact that you will work at Prague Castle one day a week not, so to speak, merely maintaining constitutional formalism?

[Strasky] The tradition of the Czechoslovak presidency is very emotional, I would say, sacred. It widely exceeds the framework of executive jurisdiction. This was created, first and foremost, by Tomas Garrigue Masaryk and Vaclav Havel. I think Czech citizens are much more conscious of this tradition, while, to say the least, many Slovak politicians have underestimated it. The seat of the president is perceived as the seat of the first citizen of the state.

[NARODNA OBRODA] Do you feel a little like a president?

[Strasky] In connection with what I have just said, I do not feel the least bit like a president. The entire government and I view executing the president's authority as fulfilling the appropriate constitutional obligations. Many of them are not nearly as formal as you describe them. We also perceive executing these duties as maintaining the seat of the head of state for new times.

Defense Minister Reviews Defense Council Tasks

LD3007180692 Prague Stanice Ceskoslovensko Radio Network in Czech 1215 GMT 30 Jul 92

[Text] The State Defense Council held a session this week at which further steps were outlined to resolve issues connected with defense of the Czech and Slovak Federative Republic. Editor Pavel Vachter this afternoon spoke with Defense Minister Imrich Andrejcak about this.

[Begin recording] [Vachter] Mr. Minister, what tasks have emerged from the session for the Czechoslovak Army and how will you deal with them?

[Andrejcak, in Slovak] Before the council session, a close circle of people and I drafted material to indicate to the State Defense Council how the army should approach a solution to the issue of balancing [vyrovnanie] the armed forces of the Czech and Slovak Federative Republic on the whole territory, as is stated in the government policy statement. I had already explained my vision on how we should approach the solution to this issue if we are given such a task. The State Defense Council basically agreed with my vision. Members of the State Defense Council also expressed their views. I was given a date by which I must prepare the next step, which is carrying out some calculations, especially regarding the timescale for the organization. I am to formulate this and to provide estimates about the possible cost. This is naturally done while observing the fundamental idea of permanent preservation of the combat ability of the Czechoslovak Army under unified command. If there are different views when resolving problems—and we can assume that republics will have different views—we have to draft several alternative solutions and submit them for political assessment. This is basically the contents of my tasks.

[Vachter] Mr. Minister, what is the significance of this work?

[Andrejcak, in Slovak] I have said on a number of occasions that the Czechoslovak Army will not violate our law. This is why we are doing some calculations and preparations, with the aim of formulating an order by the president that the army will receive should the law on a division of the federation be adopted. We are not working on a division of the army, but on the formulation of an order which must be very precise. Material must be prepared which, if we receive an order to implement it, will serve the State Defense Council and president. [end recording]

Government Discusses Report on Economic Recovery

LD3007164392 Prague CSTK in English 2036 GMT 29 Jul 92

[Text] Prague July 29 (CSTK)—The Czechoslovak Government today discussed a report on the country's economic development in the first half of this year, noting that the rate of inflation was kept under control and the exchange rate of the Czechoslovak C [crown] was stable.

The Czechoslovak Cabinet noted that currency reserves were on the rise, gross foreign debt decreased, and tendencies towards reviving the country's economy were ever more apparent, mainly due to foreign investment influx and the rising share of the private sector.

The number of unemployed decreased in the Czech Republic from 217,554 at the end of February to 142,000 at the end of June, and in the Slovak Republic from 319,294 to 282,000 in the same period. (The Czech Republic has a population of 10.3 million and Slovakia a population of 5.3 million).

Also at its session today, the Federal Cabinet stated that the deficit of the federation's budget amounted to 2,000 million crowns (about 71 million USD) by June 30, but the Czech and Slovak Republics' budgets showed a surplus of 4,000 million crowns (about 143 million USD) in the first six months of the current year.

The Government decided to allocate 300 million crowns (about 11 million USD) for a safe conservation of the nuclear power plant at Jaslovske Bohunice, Southwest Slovakia.

The Government appointed a new Czechoslovak Government Legislative Council which is chaired by Federal Deputy Premier Milan Cic (HZDS) [Movement for a Democratic Slovakia].

After the session, Czechoslovak First Deputy Premier Rudolf Filkus (HZDS), who is in charge of supervising the drafting of a bill on the division of the Czechoslovak federation's property, said the main problem will be taking an inventory of the property and setting criteria for its division.

Czechoslovak Premier Jan Strasky (ODS) [Civic Democratic Party] told journalists that the current Federal Economics Ministry will take over the powers of the former Federal Ministry of Transport and Communications, the Federal Committee for the Environment, and the Federal Foreign Trade Ministry's department dealing with the economic agenda.

The Federal Finance Ministry will take over the customs agenda of the former Federal Ministry of Foreign Trade and, in a reduced form, also the agenda of the former Federal Ministry of Labour and Social Affairs.

Strasky said the decision was made in accord with the Federal Government's programme which included the transfer of powers of the former 12 federal administration bodies onto some of the five federal ministries established after the June 5-6 parliamentary elections.

State Bank Report Shows Stabilization in Economy

AU3107080492 Prague HOSPODARSKE NOVINY in Czech 29 Jul 92 pp 1,2

["(mst)"-signed report: "The Economy Is Stabilizing"]

[Text] The pace of decline in economic activity slowed down during the first quarter. According to preliminary figures released by the Federal Statistical Office [FSU], the gross domestic product fell by 1.5 percent during the first quarter of 1992 (in comparison to the fourth quarter of 1991). The decline in economic activity came virtually to a halt in the second quarter and certain signs of recovery began to manifest themselves, states the Situation Report on Monetary Development in the CSFR during the first six months of the year. The Czechoslovak State Bank [SBCS] Banking Council discussed this report on 20 July. We now publish a brief outline of it.

Performance in construction output has improved (it increased by 7.0 percent in May; construction output was 4.5 percent higher than in May 1991) and there has been a recovery in consumer demand. This was manifested in an increase in retail turnover (if we exclude price influences, retail turnover in May 1992 was 21.4 percent higher than in May 1991). According to a business survey conducted in May 1992, a slight increase in domestic and foreign demand—and the corresponding recovery—is expected in the enterprise sphere.

According to FSU figures, consumer prices rose by 3.0 percent during the first six months of 1992 and, as a result, inflation was lower than expected. Price levels will be influenced by rent increases and other price changes in the third quarter. Prices in the manufacturing sector also rose in May. Even so, inflation should not exceed the annual rate of 10-12 percent originally forecast (the annual rate of inflation was 6.2 percent at the end of June).

Average nominal wages increased by 5 percent during the first quarter compared to the same period last year. The increase in average wages for the first six months of the year is estimated at 11 percent and a non-inflationary increase in wages is expected for the whole of 1992. At the same time, unemployment has fallen; however, this is only a temporary phenomenon.

The CSFR's foreign currency situation can be described as stable. The balance of payments for January to April in freely convertible currencies revealed a surplus of $571.3 million in the current account (the estimate for the whole of the first half of the year is $900 million). The dominance of exports (which are increasing) over imports (which are, more or less, stagnating) is the main reason for this surplus. The considerable influx of foreign investments ($280 million for the January-April period) is also important for the balance of payments. The SBCS' foreign currency reserves increased by $800.7 million during the first six months of the year; the increase for June was $203 million and foreign currency reserves have now reached $2.1522 billion. The banking system's overall reserves have increased by $1.4153 billion since the beginning of the year and have reached a level of $4,705.3 million.

According to preliminary figures, koruna credits for businesses and citizens increased by 45.5 billion korunas during the first six months of the year. Credit is being issued in harmony with monetary policy and this means that the amount of credit granted has increased by 6.5 percent since the beginning of the year. Of the credit granted, the proportion of short-term credit is increasing to the detriment of long-term credit, credit granted to citizens and state enterprises is stagnating, and—on the contrary—the amount of credit granted to the private sector is increasing.

Financial development in the public sector corresponds, in principle, to the original expectations. The economic performance of all the state budgets resulted in a surplus of 4 billion korunas on 30 June 1992; the average deficit for all the budgets in May was 5.4 billion korunas and 7.2 billion korunas in June. According to preliminary figures, net credits granted to the government (excluding foreign loans) by the banking sector amounted to 50 billion korunas at the end of the first six months of the year. This is below the maximum permissible level agreed with the IMF.

According to preliminary figures, the money supply increased more rapidly during the first six months of the year than envisaged by the monetary program. Overall koruna deposits increased by roughly 26 billion korunas and the overall money supply increased by 45.9 billion korunas (a preliminary estimate). This more rapid increase was caused by better than expected development in foreign relations.

The tendency toward an increase in the banks' credit activity is still obvious on the money market. The liquidity of individual commercial banks is spread unevenly and this has increased some banks' interest in treasury bonds. The result is a decline in the level of interest on these securities. The inter-bank money market is operating inadequately since the distribution of free funds among the banks is not taking place in a satisfactory manner. The banks are continuing to show an interest in refinancing credits from the SBCS, which increases interest rates on these credits.

The Czechoslovak economy's macroeconomic stability increased further during the first half of 1992. The criteria agreed with the International Monetary Fund for this year had been fulfilled by 30 June 1992.

Klaus Comments on Referendum, Elections

LD3007212492 Prague Stanice Ceskoslovensko Radio Network in Czech 1600 GMT 30 Jul 92

[Text] One of the topics discussed at the news conference held by the Civic Democratic Party today was the draft of the Czech Republic's constitution. Alexander Picha has more details.

Civic Democratic Party representatives stated today that there is no need to rush the adoption of the Czech constitution. According to Vaclav Klaus, setting the date of the adoption of the constitution is not important. What is important, however, is that it is well drafted.

Responding to a question from Radio Czechoslovakia on whether tailoring the current federal constitution to the sole need of the Czech Republic is being contemplated in the event that the state splits up before the Czech constitution is adopted, Vaclav Klaus said:

[Begin recording] The Czech Government has the task of resolving the issue of a possible speedy transfer. I have set the task according to which there should be a clear definition of what is to be done in order to transfer—quickly and by taking shortcuts—federal laws and federal affairs to fit the Czech Republic requirements, the

meaning of this, what interim measures and what administrative measures will have to be a taken. This task has been allocated. [end recording]

Klaus gave his backing to the proposal to put off the next round of presidential election until the fate of the common state is clarified. As he put it, the farcical repetition of the presidential election in the federal parliament complicates our position and reputation around the world.

Speaking about the growing pressure of the opposition pushing for a referendum on state and constitutional set-up, Klaus said:

[Begin recording] We do not think it possible that the federation can be resurrected by means of a referendum. Only a naive person, a dreamer, or a politically irresponsible person following altogether different objectives can hold such a view. Nevertheless, it does not mean that referendum can not be one of the steps for further amendment of state and constitutional set-up. [end recording]

Klaus Initials Draft of Czech Constitution

LD3007212592 Prague Stanice Ceskoslovensko Radio Network in Czech 1400 GMT 30 Jul 92

[Text] This morning, Czech Prime Minister Vaclav Klaus initialled another version of an ideological draft of the constitution of the Czech Republic and granted it to the appropriate representatives of the legislative and executive organs.

The proposal recommends dividing the Czech constitution into two basic parts. The first part delimits the relations of citizens and the state, while stipulating the basic rights; not demanding or promising, but permitting. The second part then delimits the structure of the state organs and their links.

According to the draft, the constitution will link up with the European and world experiences of advanced democracies and the ideas of Czech statehood, including experiences from the 1920's. The draft envisages one legislative corps which should have two chambers composed of an upper house of the Senate and the lower house of the deputies. According to the draft, the president will be the head of state. The constitution should also adjust the transformation from a federation to the Czech Republic in terms of continuity of the legal system.

Meciar Interviewed in Bratislava Newspaper

LD3007173992 Budapest MTI in English 1005 GMT 30 Jul 92

[Text] Bratislava, July 30 (MTI)—Vladimir Meciar agrees with the plan of establishing a hotline between Budapest and Bratislava, but regards the policy of "open barracks" as unviable.

The Slovak prime minister said this in an interview with the Thursday issue of the Bratislava newspaper "UJ SZO" (New Word) after his 28 July talks with Hungarian Prime Minister's Office State Secretary Tamas Katona.

Meciar said that a hotline would allow "misunderstanding" disinformation and incorrect allegations, which are frequent on both sides, to be screened out.

About the "open barracks" policy allowing for mutual military inspections, Meciar said that the 100-kilometre zone proposed by Hungary would take Hungary to Slovakia's northern border, while Slovakia would get as far as Hungary's central region at best.

Concerning the dates of the visits at Prime Minister Jozsef Antall's invitation, Meciar said, "we are interested in the earliest possible dates. Details still have to be discussed at protocol level," Meciar said.

Yugoslav Prime Minister Visits; Meets With Antall

LD3007152392 Budapest MTI in English 1406 GMT 30 Jul 92

[Text] Budapest, July 30 (MTI)—Hungarian Prime Minister Jozsef Antall received Milan Panic on Thursday, July 30, for an informal meeting, at the request of Milan Panic, who was travelling through Budapest.

Milan Panic, elected prime minister of the State Federation of Serbia and Crna Gora [Montenegro], was accompanied by Minister of Justice Tibor Varadi, and Federal Foreign Minister Vladislav Jovanovic, who was separately received by Hungarian Foreign Minister Geza Jeszenszky.

According to a communique forwarded by the government spokesman's office to MTI, Antall detailed the main elements of the Hungarian position, coordinated with the international organizations and the governments concerned, in the matter of the South Slav crisis. Antall presented the position in writing to his guest.

The Hungarian prime minister said the Republic of Hungary consistently observes the resolutions of the UN Security Council, however, it makes it possible to provide humanitarian aid in a manner that does not violate the Security Council regulations.

In concert with the position of the international community, Hungary rejects all efforts aimed at forcibly changing the borders, and does not consider a situation that is created in this manner to be acceptable. The Hungarian Government considers guaranteeing the human and minority rights according to international standards to be indispensable, and terms all forceful efforts aimed at setting up ethnically pure, areas to be unacceptable.

On behalf of his government, Prime Minister Milan Panic, similarly to his previous international remarks, said he fully agrees with the above goals, and asked for moral support from Hungary, as a neighbouring country, to implement these. Panic said he would welcome Budapest as the venue for an international Yugoslavia conference.

In his reply, Prime Minister Antall said the Hungarian Government considers the basic issue in implementing the programme outlined by Prime Minister Panic to be whether the programme can ensure political control over the People's Army (including the irregular military forces), whether it can attain a cease-fire with the participation of the UN, and the opening of talks on the basis of the internal republic borders of the former Yugoslavia.

The negotiating sides stated that Hungary, as a transit country and economic partner, is of key importance to Serbia and Crna Gora. Minister of Justice Tibor Varadi will shortly travel to Budapest to clarify the practical and legal issues that have surfaced with his Hungarian colleague, but the embargo and the issue of international recognition will not form a part of these talks.

A realistic possibility for Budapest to organize the international conference exists only if all republics concerned unanimously request this.

Panic Claims Universal Support

LD3007213192 Belgrade TANJUG in English 1632 GMT 30 Jul 92

["Pool" item]

[Text] Budapest, July 30 (TANJUG)—Yugoslav Prime Minister Milan Panic said on Thursday [30 July] that he had won the backing of "all leading world figures" for the realization of his peace plan for the area that was formerly Yugoslavia.

At a news conference in Budapest held after talks with his Hungarian counterpart Jozsef Antall, Panic particularly pointed to the support he had received from French President Francois Mitterrand, Spanish Prime Minister Felipe Gonzales, and Antall's "moral support."

Panic, who arrived here from London during the night between Wednesday and Thursday, talked with his Hungarian opposite number for two hours.

The two countries' foreign ministers, Yugoslavia's Vladislav Jovanovic and Hungary's Gezsa Jeszenszky, held a separate meeting on Thursday morning.

Rating his talks with Antall very highly, Panic said the relations between the two countries would in future be far better than before.

"I came to turn a new leaf in Yugoslavia's relations with Hungary," the Yugoslav prime minister said, adding that he was convinced that all Yugoslavia's neighbours desired peace in the region, which, he said, must be transformed into a zone of prosperity.

"Our region is full of weapons—and we need neither guns nor armies but development and a better standard of living," Panic said.

Summing up the results of his tour, which began shortly after he took up his post on July 14, Panic said he had visited 13 world capitals in 15 days and met with 27 statesmen and highest representatives of international organizations.

"To all of them I repeated the four points on which the federal government's programme is based—peace, all-round democratization, economic recovery and the abolition of sanctions against Yugoslavia," the Yugoslav prime minister said.

Tough economic and political sanctions were imposed on the Federal Republic of Yugoslavia, which is made up of Serbia and Montenegro—two of former Yugoslavia's

six republics, by the U.N. Security council on May 30 on account of its alleged involvement in the civil war in breakaway Bosnia-Hercegovina.

Panic said the federal government's authority covered defence, foreign affairs and finances, and it would thus be the decisive factor in the country.

The Yugoslav prime minister also repeated that Yugoslavia would recognize all former Yugoslav republics, which, he said, should be based on agreement, and that it would work on respecting all human and minority rights.

Defense Ministry Official Views Minority Policy

AU3007181592 Budapest PESTI HIRLAP in Hungarian 27 Jul 92 p 5

[Interview with Erno Raffay, Defense Ministry political state secretary, by Zoltan Fekete; place and date not given: "With the Tools of Diplomacy for the Hungarians"]

[Text] Last week a number of anti-Hungarian measures and accusations were made in the neighboring countries and those competent have responded to these. We asked Erno Raffay to inform us about the Hungarian Government's international efforts and possibilities related to this issue.

[Fekete] Recently the number of anti-Hungarian outbursts has increased in neighboring countries. According to Slovak Prime Minister Meciar, Hungary holds regular military exercises close to the Slovak border, the Hungarian prefects in Covasna and Harghita counties were removed in a coup-like action, and Hungarians still continue to flee Vojvodina. How clear is the direction of Hungarian foreign and military policy for Slovakia, Romania, and Serbia?

[Raffay] Establishing the best possible relations with all neighboring countries is the goal of Hungarian foreign and military policy. Certainly, in addition to diplomatic contacts, this also means economic, cultural, and military relations.

It is no accident that in 1990 we first made a bilateral military agreement with Romania. This was an explicit step to increase confidence, and it was made precisely to prevent any accusations that we are preparing to move against them. Since then, we have tried to make similar agreements with all our neighbors.

It is one of the most important goals of the Hungarian Government that Hungarians living in the neighboring countries have the best possible life. Naturally, the Hungarian Government has no say in the way the Serbian, Romanian, or Slovak democracies develop. I would like to put the Serbian, Romanian, and Slovak political leadership at ease by stating that an early establishment of democratic institutions in all these countries is in the interest of Hungary. A functioning democracy is much better for the national minorities, including the Hungarians, too. On the basis of European norms, democracy includes providing all basic human and ethnic minority rights for Hungarians living beyond our borders that are—justly—requested by the mother countries of Serbs, Romanians, and Slovaks living in Hungary.

[Fekete] What actual steps are we taking?

[Raffay] Hungarian diplomacy supports the earliest and broadest possible inclusion of Slovakia, Romania, and Serbia in European life and in international diplomacy.

[Fekete] This intention of ours is often doubted by those countries.

[Raffay] Indeed, but our view is that this political attitude is the most effective way we can help Hungarians living in neighboring countries. This also is the only direction for our military diplomacy.

We emphasize at all forums that, even if more serious dangers were threatening Hungary, we would not resort to military measures but rather diplomatic ones. We are not just saying this, but this is what we think, and we act in this spirit.

[Fekete] By now, it has become obvious that the Trianon treaty is outdated. Does Hungary suggest the revision of this pact at any forums?

[Raffay] The disintegration process of the countries created in Trianon is a historical fact not really worth mentioning. The Hungary of Trianon, the Romania of Trianon, the Czechoslovakia and Yugoslavia of Trianon are in a fundamentally new situation now. That is the past. Hungarian diplomacy now has to deal with the future. Our goal is to make our cooperation useful to all of us.

Kadar Reviews Trade Developments, Prospects

AU3107085692 Budapest UJ MAGYARORSZAG in Hungarian 23 Jul 92 pp 1, 7

[Report by "Peter": "Change of Regime in Foreign Economic Relations"]

[Text] We have completed a change of regime in foreign economic relations and a change of markets, and signs of dynamism can be seen, Bela Kadar, minister for international economic relations, said at a news conference on 22 July. Exports in convertible currencies increased by 16.5 percent and imports decreased by 6 percent in the first six months of 1992 compared to the same period last year. This resulted in a $40-million deficit in foreign trade that is some $1 billion better than in the middle of 1991. After deducting items that attract payment, the cleared foreign trade turnover resulted in a $113 million surplus.

Toward the end of 1991, Kadar stated that foreign trade would probably reach a turning point in 1992. Many

people sneered then at the optimism of the minister. The figures of the first six months certainly seem to justify his optimism. It can be seen as a considerable achievement that the decline of our eastern relations has stopped and the value of our exports increased by a total of 23 percent in this direction. It is favorable that our relations with Romania have taken a strong turn this year, and our exports to our eastern neighbor have been increasing dynamically.

We managed to halt the decline in the former Soviet market. Kadar said that he had recently met Ravil Muratov, deputy prime minister of the republic of Tatarstan. They agreed that Hungary would buy 2 million tons of crude oil a year until 1998 from Tatarstan. The Tatarstan Government agreed to purchase various processed food products, technologies, and industrial products, including Ikarus buses, for more than 100 billion forints from Hungarian enterprises, in the next five years.

The Goal Can Be Achieved

Hungarian exports to the EC countries increased by 23 percent in the first six months of 1992, and this is partly a result of the association agreement. Some 49.4 percent of Hungarian exports now go to the EC countries. According to the forecast, this proportion has to be increased to 50 percent in 1992 and, based on the results of the first six months, this can be achieved. Our most important trade partner is Germany, with 27 percent of our exports going there. However, our relations are developing most dynamically with Italy: Our exports increased by 50 percent compared to the same period last year. At the same time, it is less favorable that, due to known difficulties, our exports to the countries of the European Free Trade Association increased only by a minimal amount—2 percent.

As for the structure of our exports, the emphasis is shifting toward consumer products, mainly to the labor input of clothing manufactured here from foreign materials. This partly comes from the fact that this kind of work has become duty free since our association with the EC. The increase was 41 percent in this group of products. In spite of the Cassandra predictions, our agricultural exports increased by 22 percent in the first six months, and we exported agricultural and processed food products valued at $1,260 million.

The Trust of Capital

Imports from advanced countries decreased by 9 percent, and by 60 percent from developing countries. The 20-percent decrease in material and spare part imports played a determining role in the reduction of total imports.

This generally favorable picture is tinted by the influx of working capital. Although it can often be heard that faith in the Hungarian economy has been lost, some $800 million in foreign capital came into the country in the first six months, which is 20 percent more than in the same period last year. One-third of the capital is coming in through privatization, but this situation has also changed because more than 60 percent now goes into production instead of services. More than 2,000 new joint ventures have been established in Hungary this year, and their total number is currently over 13,000.

It Has Already Failed Once

In the second part of the news conference, Kadar refuted some rumors. One of these was the claim that a growth course directed toward foreign economic relations is impossible during a worldwide crisis. Kadar referred to the fact that after a 1-percent growth last year, a 3-percent growth worldwide is forecast for next year—an indication that the external conditions will be favorable for the Hungarian economy. The minister thought the view emphasized by the National Federation of Hungarian Trade Unions, according to which Hungary should protect its domestic market and subordinate its foreign economic relations to the interests of national production, was untenable. He pointed out that a small country must not surround itself with such protectionism. This kind of attempt at isolation has already failed once in Central Europe.

A frequent accusation in relation to the EC association is that the government "knocked out" agriculture. Agriculture is, indeed, in a difficult position but this is not primarily due to foreign economic relations. Export statistics show a considerable increase. According to some experts, the 23-percent increase in exports to the EC countries is a false achievement because Hungarian goods are delivered to East European markets through Western mediators. The explanation is simple: It is always risky to export to insolvent countries, and it involves extending credit. Most of the Hungarian exporters would not be able to do this, therefore, they are assisted by foreign companies taking on the risk and the financing.

The claim that the Hungarian Government left the Soviet market in a panic is often voiced from the parliamentary seats of the Hungarian Socialist Party. The truth is, Kadar said, that the market collapsed, and the government cannot even be accused of escaping from under the ruins at the cost of greater sacrifices than others did. The fact that we did not completely turn our back on the Soviet market is well illustrated by data received from Moscow: While the imports of the Commonwealth of Independent States decreased by 28 percent this year, their purchases from Hungary increased by 46 percent!

Government Registers Balance of Payments Surplus

LD3007174692 Budapest MTI in English 1352 GMT 30 Jul 92

[Text] Budapest, July 30 (MTI)—In the first half of the year, a surplus of USD 530 million was registered in the current balance of payments. This is far more than

expected as the government originally reckoned with a balance, or even a deficit in the balance of payments.

The level of foreign currency reserves is today USD 5.1 billion, runs the latest report of the Ministry of Finance on the economic processes of the first half of the year.

During the first six months, the value of exports reached some USD 5.1 billion, a growth of 16.5 per cent over the corresponding period of last year. Imports were somewhat more than exports, their value being around USD 5.2 billion. Thus, at the end of the half-year, the foreign trade balance showed a minimum deficit of USD 40 million.

The volume of industrial production dropped by 18.4 per cent in the first five months. The explanation lies in production that better adapts to demand, and the elimination of loss-making industrial branches.

Unemployment continues to increase as a consequence of rapid cut-backs in certain sections of companies, and the major restructuring taking place in the economy. At the end of June, there were 547,000 people registered as unemployed, which accords to a rate of 10.1 per cent.

Over the last 12 months, consumer prices rose by 20.6 per cent, as compared to 38.6 per cent this time last year, for a 12 month period.

On the basis of the above, the Ministry of Finance did not consider it necessary to significantly change the economic prognosis for this year. At present, they reckon that GDP [Gross Domestic Product] will decline by 2-5 per cent this year. A surplus of about USD 500 million is expected to come about in the convertible external balance of payments, and a minimum surplus, or minimum deficit, may be equally possible in the trade balance.

State Assets Official Gives Privatization Figures

LD3007190692 Budapest Kossuth Radio Network in Hungarian 0445 GMT 30 Jul 92

[Excerpts] In the following interview you will hear about the significant income—reaching tens of billions of forints—derived from privatization, or, to be more precise, from the sale of enterprises and economic units under state ownership. It is known that there is a large budget deficit. For this reason income is not irrelevant. [passage omitted] Here is Andras Svaby's interview of Gabor Slosszar, deputy managing director of the State Assets Agency, on how much the income from privatization is and what it is spent on.

[Begin recording] [Svaby] What is the State Assets Agency's income from privatization?

[Slosszar] Our total income through 20 July was 48.736 billion forints.

[Svaby] Is this a lot?

[Slosszar] This is a very significant sum. The State Assets Agency has never before had such a high income from privatization.

[Svaby] I assume a great part of this was paid in hard currency.

[Slosszar] Yes, our hard currency sales was the equivalent of 33.420 billion forints. All the rest was forint income.

[Svaby] How much of this 49 billion forints did you hand over to the budget?

[Slosszar] According to the budget law, this year we have to hand over 20 billion forints to the budget. So far we have transferred 16.1 billion forints.

[Svaby] What other expenses have you had?

[Slosszar] We paid some 4.4 billion forints for state debt repayment, and we have transferred 2.7 billion forints to the national insurance. Privatization costs are the next large entry, amounting to 2.2 billion forints. Self-governments have so far received 1.2 billion forints from us. The 20 percent that we have to remit to various companies comes to 1.1 billion forints. Our investments reached a total of 17 million forints, and we also had a guaranteed obligation of nearly 2 billion forints. Altogether we have thus far paid out some 30 billion forints from the privatization income. [passage omitted]

[Svaby] Do you spend money from this on the creation of new jobs?

[Slosszar] It is not the primary aim for privatization income to be distributed among the citizens. Naturally there is a separate section in the assets policy rules stating that money can be spent to create new jobs, but it is not the State Assets Agency's duty to create new jobs. [passage omitted] [end recording]

Suchocka, Kinkel Discuss Socioeconomic Situation

LD3007163892 Warsaw PAP in English 1726 GMT 29 Jul 92

[Text] Warsaw, July 29—Prime Minister Hanna Suchocka on Wednesday [29 July] assured German Foreign Minister Klaus Kinkel that socio-economic situation in Poland is gradually stabilizing. The two found the Polish-German relations developing well and at a satisfactory pace. Discussing Polish-German economic relations, including the possibility of German investments in Poland, Suchocka and Kinkel agreed that all possible steps should be made to intensify bilateral contacts in such areas as border cooperation.

Kinkel assured Suchocka that Germany will consistently support Poland's aspirations to become fully integrated with the European Community (EC). He thanked the Polish authorities for shaping proper conditions for the German minority in Poland.

Suchocka invited Chancellor Helmut Kohl to visit Poland.

Kinkel told a news conference that his talks in Warsaw on Wednesday "created foundations for the future, opening new possibilities of action as well as new tasks." These tasks include questions of relations between the Polish and German Ministries of Defence and Internal Affairs, and the need to define a new function of the German minority in Poland as "a bridge between our two countries," and the rights of Poles residing in Germany.

Skubiszewski stressed dialogue with Germany is important because of three priority goals in the Polish foreign policy: the integration with the EC, the Polish-German-French tripartite cooperation, and Poland's joining the European and North-Atlantic security structures.

Cooperation Discussed With Luftwaffe Commander

LD3007195992 Warsaw PAP in English 1159 GMT 30 Jul 92

[Text] Warsaw, July 30—Minister of National Defence Janusz Onyszkiewicz received on Thursday [30 July] Bundeswehr air force inspector, Gen. Lieut. Joerg Kuebart to discuss cooperation between Polish air force and Luftwaffe. The talks focused on coordination of air defence systems and training flights in the border region which keep Polish and German anti-aircraft units on alert.

Kuebart is the first Luftwaffe commander visiting Poland after the Second World War.

Lithuanian, Polish Parliament Officials Meet

LD3007225592 Warsaw PAP in English 2115 GMT 30 Jul 92

[Text] Warsaw, July 30—Deputy Chairman of the Foreign Committee of the Lithuanian Parliament Czeslaw Okinczyc has been on a fairly mysterious visit to Warsaw as after meeting head of the Sejm Foreign Committee Bronislaw Geremek Thursday [30 July] afternoon, he declined to make a comment for PAP.

Geremek said they discussed "the lack of respect for national identity disturbing Polish public opinion." He added that "the main problem is the restoration of the Polish self-government, the respect for Poles' rights in the bills of reform of administrative divisions and respect for property rights of the Polish population." "Recent days brought amazing reports that a committee for Lithuanian language voices its opinion on the Polish spelling of the names of localities," Geremek said.

Situation of Poles in Kaunas Area Discussed

PM3007151292 Katowice TRYBUNA SLASKA in Polish 24 Jul 92 p 6

[Antoni Mach article: "Polish Minority in Kaunas Emerges From Underground"]

[Text] (From our own correspondent) It is unfortunate that, in all our appeals supporting the rights of the Polish minority in the Vilnius district, we tend to forget the fate of Poles from Kaunas and the neighboring area. They have been practically forgotten by everyone—which is surprising, to say the least, on at least two counts. First, as a state, we should look after the interests of all our compatriots scattered throughout the world; second, the fate of Poles from Kaunas serves as an excellent illustration of a campaign by Lithuanian nationalists to deprive Poles of their national identity.

As far back as 1923 a regular and methodical campaign was launched to repress Poles in Lithuania. First of all, Polish names and signs were removed from the streets of Lithuanian cities and towns. Later, restrictions were imposed on all educational, cultural, and economic activities of the Polish community. Polish churches were attacked and vandalized. In addition, statistical information relating to Polish communities was falsified. For example, Lithuanian politicians maintain even today that before World War II no more than 60,000 Poles lived in the Kaunas region, whereas in fact the Polish population residing in that area totaled 200,000.

Nevertheless, whatever else might be said against state authorities in pre-war Lithuania, it must be admitted that they did not quite dare to abolish certain established Polish institutions. In fact, this was not accomplished until 1940, by the authorities of the then-Soviet Lithuania. They decided that the Kaunas Poles were in actual fact "Polonized" Lithuanians who should therefore be "de-Polonized." To facilitate the de-Polonization process, the authorities closed Polish schools and colleges, libraries, reading rooms, and the Polish printing press. They also stopped all Polish publications. All the assets belonging to the above institutions and organizations were confiscated. From that moment, according to the official position adopted by Soviet Lithuania, there were no ethnic Poles in the Kaunas region. As an ethnic minority group they were stripped of all rights. They had no schools, no Polish churches, and no Polish cultural

institutions; the only exception occurred in 1961, when a group of Polish enthusiasts managed to set up a song and dance folk ensemble at the Inkaras Rubber Factory in Kaunas. Combined with the relatively small numbers of Poles in the area and their isolation from Polish cultural and national influences, this state of affairs led to an inevitable decline in the Polish community's awareness of their ethnic and cultural identity. Whereas in 1897 Poles still constituted as much as 22.7 percent of all inhabitants of Kaunas, in 1927 they represented only 4.5 percent; in 1970, 1 percent; in 1979, 0.7 percent; and currently they account for 0.6 percent, or 2,500 persons. The regular and gradual pattern of decrease in the Polish population of Kaunas in post-war years proves clearly that the size of the Polish community was not reduced through repatriation schemes or any other types of migration.

According to recent official Lithuanian statistics, an ethnic Polish population is now to be found both in Kaunas, and in four adjoining rayons situated to the east and north of the city. In Jonava rayon Poles make up 1.7 percent of the population; in Kaisiadorys rayon, 0.8 percent; and in Kaunas and Kedainiai rayons, 0.9 percent each. However, unofficial figures are much higher.

Only the ethnic Poles most aware of their national identity, the most stubborn, and the most independently-minded fought for the right to have the word "Lenkas" entered in the nationality section of their passports. They knew in advance that this entry would make their life difficult. Today, the same people are the leaders of the revival movement of the Polish national identity among the ethnic Polish population in the Kaunas area—a movement started in the summer of 1988. They succeeded in launching a local branch of the Union of Poles in Lithuania with an initial membership of 56. The branch operates in conjunction with the Polish folk ensemble at the Inkaras Rubber Factory. Sundays they have the use of factory premises for their Polish Union meetings, Polish language classes, and dance rehearsals. In addition, the Polish community in Kaunas managed to reclaim the former Carmelite Church of the Holy Cross, where services in the Polish language are now conducted on a regular basis. However, they still badly need separate premises of their own, where they could set up a library and a reading room, and where they could meet freely for all their activities. Unfortunately, Lithuanian authorities have consistently refused to allocate such premises for use by the Polish community, even though they themselves use many buildings that were erected before the war with funds collected by Poles, and that were designated specifically for the needs of Polish institutions and organizations.

Constitutional Debate Resumes; Walesa Not Present

LD3107092292 Warsaw PAP in English 0843 GMT 31 Jul 92

[Text] Warsaw, July 31—The Sejm (lower house) resumed its sitting on Friday [31 July] morning to discuss the small constitution draft defining the division of powers of state authorities.

President Lech Walesa is not present at the debates.

Walesa Disagrees With Amendments

LD3007224692 Warsaw PAP in English 2045 GMT 30 Jul 92

[Text] Warsaw, July 30—According to sources close to the president, President Lech Walesa will not attend Friday's [31 July] debate in the Polish Sejm (lower house) on amendments to Poland's 1952 Constitution as a sign of his disapproval at the proposals put forward for debate.

Professor Lech Falandysz, deputy head of the Presidential Chancellery, said that according to the president, the constitutional amendments to be debated failed to offer unambiguous proposals to reform the existing Stalinist Constitution. Instead, the proposed amendments bear the signs of parliamentary conflicts and political animosities, in particular those of recent months. Falandysz added that, in President Walesa's opinion, Friday's debate had been organised "too hastily," since most deputies had received the documentation barely 3 days ago. However, the president did not seek to interfere, but simply to appeal for common sense and deliberation in the debate.

During Thursday's session, the Sejm approved a series of administrational amendments which will have the effect of strengthening the powers of the speaker of the Sejm, and the business managers. Bills proposing new legislation will in future require 3 readings before ratification, instead of 2, as currently required. In addition, the quorum for Sejm committees will be reduced to ⅓ from the present 50 percent, and Senate amendments to legislation will be automatically accepted, unless a ⅗ majority votes against acceptance.

Walesa Presents Defense Doctrine at KOK Meeting

LD3007194492 Warsaw PAP in English 1847 GMT 30 Jul 92

[Text] Warsaw, July 30—The National Defence Committee (KOK) otherwise known as the National Security Council, met under the chairmanship of President Lech Walesa in Warsaw on Thursday [30 July] to discuss Poland's defence doctrine and security policy, as well as reforms of the National Defence Ministry and the restructuring of the Polish Army.

President Walesa presented his concept of the doctrine and the main assumptions of the state defence policy. "Poland has no sworn enemy, it declares inviolability of her borders and respects sovereignty of other peoples, renounces the use of force in bilateral relations, has no territorial claims vis a vis its neighbours and wants to cooperate with them," Walesa declared addressing the gathering.

This was the first meeting of the council under the new government. It is now composed of speakers of the Sejm

(lower house) and Senate, Wieslaw Chrzanowski and August Chelkowski, Prime Minister Hanna Suchocka, Defence Minister Janusz Onyszkiewicz, Foreign Minister Krzysztof Skubiszewski, Internal Affairs Minister Andrzej Milczanowski, Finance Minister Jerzy Osiatynski, Chief of the General Staff Gen. Zdzislaw Stelmaszuk, KOK Secretary Jerzy Milewski, and Secretary of State in the President's Office Mieczyslaw Wachowski.

"The Polish defence policy is shaped by acts of international significance connected with the process of the CSCE (Conference on Security and Cooperation in Europe)," Walesa said. He mentioned in this context the Paris Charter of new Europe and the Vienna treaties on conventional arms reduction in Europe. "Poland's full integration with the North Atlantic alliance and the Western European Union is the matter of the future," Walesa declared. Referring to changes taking place in Central and Eastern Europe Walesa urged to "create a security system in our region" as a stabilizing factor that would later become "part of the future Euro-Atlantic security system."

Walesa said the Polish defence doctrine should be modified by the current situation in the world. Hence, it is a doctrine of transition, the president declared. In face of possible internal threats that may emerge in the period of transition to market economy, the Polish Army must be able to counteract destabilization caused by unemployment, or economic, ecological or demographical threats (eg. a wave of refugees).

The Polish Armed Forces in the times of peace should account for some 0.5 per cent of the country's population, but they should be well-trained and represent high operational and combat efficiency. The Nadwislanskie military units subordinated to the Internal Ministry should be replaced in future by national guard formations.

The council obliged the KOK secretary and the ministers of defence, foreign affairs and internal affairs to finalize work on the doctrine.

KOK discussed the concept of restructuring the Army at its previous meeting in February. At present the committee got acquainted with the information from Minister Janusz Onyszkiewicz who presented progress in the reforms in the Ministry of National Defence.

KOK Secretary Jerzy Milewski discussed legal regulations of KOK and its organs. The KOK secretary and his office of national defence were obliged to coordinate work connected with updating legal regulations issued by KOK and its organs. The document on the doctrine will be adopted at the next meeting of KOK, but no later than in two months' time, Milewski told reporters.

Referring to the future size of the Polish Army, which the proposed document sets at 0.5 per cent of the population, Milewski said this means an Army of some 200,000. "If all states have armies of the same size, then a general sense of security will prevail," Milewski added.

Asked why KOK member Gen. Stelmaszuk failed to attend the meeting, Onyszkiewicz said the general was on holidays.

Suchocka Confirms Legal Safeguards for Institutions

LD3007162992 Warsaw PAP in English 2009 GMT 29 Jul 92

[Text] Warsaw, July 29—In a letter on Wednesday [29 July] to Polish President Lech Walesa, Prime Minister Hanna Suchocka confirmed that her government would take appropriate action to create an effective legal framework to protect individuals and state institutions against unwarranted interference.

Ms. Suchocka was responding to a letter from President Walesa, dated July 24, in which he stressed the need to introduce such safeguards. She assured the president that the issues he raised would be addressed by the Ministry of Justice.

Ms. Suchocka noted that the Ministry of Justice was also preparing amendments to the civil code aimed to "increase responsibility for the published word," and to align the Polish legal system with Western European legal standards. She also noted in her letter the need to issue better information on the operations of the Ministry of Justice. Ms. Suchocka also added that the Finance Ministry would closely supervise moves to evaluate the scale of the losses incurred by Poland's Fund for Servicing Foreign Debt (FOZZ). This is an essential step in establishing individual responsibility (for the estimated 80-100 million dollar losses sustained by FOZZ - ed.) and in bringing the investigations to a close, she told the president.

Deputy Prime Minister Outlines Government Role

AU3007194592 Warsaw KULISY EXPRESS WIECZORNY in Polish 24-26 Jul 92 p 5

[Interview with Deputy Prime Minister Pawel Laczkowski by Bogdan Mozdzynski; date and place not given: "The Suchocka Government's Lightning Conductor"]

[Excerpts] [Mozdzynski] Why were you chosen to be deputy prime minister in charge of political affairs? Is it the result of interaction between spheres of influence in the government?

[Laczkowski] The fact that I have been given this post proves that despite what the press has said, the coalition talks were not a mere competition for posts, otherwise I would have had no chance of becoming a deputy prime minister. After all, my party, the Christian-Democratic Party, has only a scant representation in the Sejm.

[Mozdzynski] So how have you become one of the three most important people in the government?

[Laczkowski] I think it is because of my party's consistent policy. We have not participated in unnecessary conflicts. We have always sought contacts with other

Solidarity groups and tried to cement these contacts. I also think we played a major role in forging the grand coalition. It was supposed to expand the Olszewski Government's political base. That objective failed, but not through the fault of the coalition partners. We profess political pragmatism. [passage omitted]

[Mozdzynski] What exactly is your role in the Suchocka Government?

[Laczkowski] I am a go-between, mediator, lightning rod, and coordinator. That is the most concise way of describing my role. My duties will therefore include liaison with political organizations, the church, the presidential chancellery, and representatives of ethnic minorities. My contacts in this capacity will mainly be those of a mediator. As a mediator, I will see to it that political disputes among the government coalition do not finish off the government. The Council of Ministers cannot be a mini-parliament. It is supposed to make decisions. I realize the purpose of a lightning rod is to protect the building.

Last but not least, I will coordinate the activities of the government that are not connected with the economy. I will be responsible for purely political matters connected with the work of the Defense, Foreign, and Interior Ministries, (those matters, of course, that are not the sole prerogative of the prime minister and president), plus matters connected with the Justice, Education, Labor, and Culture Ministries. This coordination should result in social and socioeconomic programs. Our aim is to have something that President Walesa once joked about, a twin brother for Balcerowicz. So the point is that on the one hand, the government should implement a wise economic program, and on the other hand, it should safeguard social security. As far as social security is concerned, there is a lot to be done together with Minister Kuron [labor minister].

Solidarity Leader Discusses Strikes by Miners

AU3007193592 Warsaw TYGODNIK SOLIDARNOSC in Polish 24 Jul 92 p 3

[Interview with Solidarity Chairman Marian Krzaklewski by Marek Zabinski; place and date not given: "Wheeling People Out in a Barrow Is One Thing, But Facts Are Facts"]

[Text] [Zabinski] A wave of miner strikes has swept across Silesia over the last few days. How do you view this development?

[Krzaklewski] A week before the first strikes in Upper Silesia, I told journalists that the unfortunate experiment with the Polish Peasant Party government meant the loss of another two months on the road to overcoming the recession. During that time, the bloated government administration practically failed to respond at all to disturbing signs that were appearing, including those coming from the mines. Then it happened.... There was a further drop in real wages in the mining industry.

In light of this, we can understand the miners' demands perfectly well. We do not accept, however, the confrontational forms of protest directed against other unions that are employed by "Solidarity-80" and the disregard for legal channels that unions fought for and achieved. Sooner or later, employers will ruthlessly exploit this against all unions.

[Zabinski] What happened in Silesia can be viewed as a vote of no confidence in what "Solidarity" has been doing in the region. There have been cases of "Solidarity" activists being wheeled out of mines in wheelbarrows. Are you not afraid that these latest events will pose a danger to the union, diminishing its prestige and importance?

[Krzaklewski] To say it was a vote of no confidence is a gross exaggeration. The case you mentioned at the "Makoszowa" mine is a lesson for all our activists, and the message is that they should display more foresight in such situations. You can wheel people out in wheelbarrows, but facts are facts.... It was what "Solidarity" did, not "Solidarity-80," that led to an appropriate, legally significant agreement covering 60 mines. Almost all the agreements inspired by "Solidarity-80" during the first days of the strike were unimportant from the viewpoint of current legislation because they were signed by non-union strike committees. Had it not been for the agreement that "Solidarity," the Union of Polish Miners, and "Cadre" group negotiated in Katowice on the night of 16 July, the government would have been fully justified in not recognizing the decisions that were agreed on with the participation of "Solidarity-80."

It was typical of "Solidarity-80" that it did not sign the demagogic and unrealistic agreements that were "not worth the paper they were written on." Such are the tactics that it employs.

The maturity that miners have shown in assessing the real prospects for higher wages is borne out by their reaction following the signing of "our" agreement. Once the agreement had been announced, work was resumed at all the mines. That is why my response to your suggestion that recent developments will lower our union's prestige is: Let's wait and see. These developments can only be assessed when there is a degree of detachment.

[Zabinski] The "Solidarity" Parliamentary Club was involved in forming a new coalition government and voted for the prime minister and the government. Don't you think that there is another danger here that "Solidarity" will be viewed as a progovernment union?

[Krzaklewski] It's possible that these moves might have been confusing, but I will try to explain it. The club did not create the coalition, but it does act as a mediator in its formation. In addition, it is not a coalition partner. The initiative came from the club itself, and it will be assessed by the National Commission once its effects are visible. For trade unions to function effectively, negotiations are necessary, and so one needs a negotiating

partner. The "Solidarity" club helped to create a negotiating partner that is strong and enjoys parliamentary stability.

An interregnum under the conditions that currently exist in Poland would be fatal. Over the next few days, we will provide a better formulation at a meeting with the government, and we will present our positions and conditions for dialogue. I can only stress that we are neither in the government or on the side of the government, but alongside it as a partner and observer. We will not create obstacles for the government if it wants to implement what has been negotiated with us, but we will exert pressure if the government acts in a manner that goes against the interests of our members and our country. I would like it to be obvious to everyone that the days when a protective umbrella was extended over governments is over once and for all!

[Zabinski] At one time you proposed signing a stabilization pact involving the government and unions that would provide the foundations for a social order. The government would guarantee certain social benefits, wage levels, and employment conditions during this period of change, as well as clear actions aimed at reversing the economic recession. Do you still think that a setup of this kind would make sense?

[Krzaklewski] I still believe that it is the only sensible solution. After a period of disorder, a certain degree of anarchy, and spontaneous strike action, there has to be a return to sound thinking. We all need more stability, and that is something that might be provided by a pact that is the product of negotiations and would impose obligations on both sides. Extracting privileges and unrealistic wage hikes will not change anything, at least not in the long term. A strike during the period when the pact is in force should only be staged when all the formal negotiation and arbitration procedures have been exhausted. After all, we fought to achieve democratic procedures for resolving disputes in order to use them.

Unfortunately, some people are trying to go back to the beginning and start from scratch, and the worst thing about this is the danger of anarchic solutions, even solutions based on force. What do these people do on a day to day basis? Are they concerned about workers? Do they produce agreements, and explore channels for negotiations? They do nothing of the kind, but when an explosive situation arises they fan it by employing demagogic slogans and trying to attract people's support. We know that it is not the right approach and we oppose it, although it has to be acknowledged that this is not something that everyone understands.

[Zabinski] How would you assess the government position on the current situation, and how would you assess the talks that have been held with the labor minister?

[Krzaklewski] I consider the government's position to be to the point, and there is a readiness to look at our demands and the solutions that we are proposing. Besides, the talks that have been held at the Industry and Privatization Ministries in connection with the Copper Basin situation indicate that talks on the subject of mining are being treated in a constructive fashion. Concrete solutions, especially those relating to pay, are, of course, a matter for enterprise managements. The situation is so difficult, however, comprehensive long-term activities also have to be considered and decisions of that kind must be made at the ministerial level. At the Labor Ministry, agreement was reached on our proposals concerning the creation of a legal framework for conducting negotiations and concluding collective agreements, including agreements on terms of employment and wages. The proposals that we made in talks with previous governments were accepted. They concern the tax on supernumerary wage increases, the tax on state enterprise assets, establishing principles for enterprise debt relief, and the introduction of legislative and institutional guarantees for wages backed by provisions to be included in the labor code....

I would like to remind you that "Solidarity" was the first to make concrete proposals, and those are now being accepted by the government. This shows that we have chosen the correct road, and that our activities have produced concrete results that will no doubt bear fruit in the future.

Serreqi, Iliescu, Nastase Discuss Cooperation

AU3107135292 Tirana ATA in English 0802 GMT 31 Jul 92

[Text] Tirana, July 31 (ATA)—The Minister of Foreign Affairs of the Republic of Albania Alfred Serreqi is on an official and friendly visit to the Republic of Romania.

In the meeting with the Romanian President Ion Iliescu they treated of questions which have to do with the course of democratic processes in both countries, traditional relations linking the two peoples and efforts for their consolidation in the future, a spokesman of the Foreign Ministry said. Speaking of the situation in the Balkan peninsula, the minister Serreqi concentrated mainly on the question of Kosovo stressing that there can be no solution to the Yugoslav crisis without a right final solution of it. The minister Serreqi conveyed to Mr. Iliescu the greetings of Albanian President Sali Berisha and invited him to visit Albania. He accepted the invitation with pleasure.

The spokesman of the Ministry of Foreign Affairs also reported that minister Serreqi had official talks with the Romanian Foreign Minister Adrian Nastase. After exchanging opinions on questions of the new situation facing the two countries which are on the road of democracy and economic switch to the market economy, they valued the idea aired by the Albanian minister for the institutionalization of the meetings between the foreign ministries of the two countries. Speaking on the situation in the Balkans, Mr. Serreqi treated of in particular the question of the Albanians in former Yugoslavia. The Yugoslav crisis started when the Yugoslav Government did not observe the constitution of 1974, he said.

This crisis will go on as long as the problem of Kosovo is not solved. The Albanian Government follows a clear policy in regard to the Albanian question. It can and should be solved without prejudices, where the main interlocutor will be the legitimate representative, that is, the representatives elected by the Albanian people in a democratic way. In order to ensure a successful dialogue, it should be held with a third party being present and start after the necessary circumstances are created by putting an end to violence, demilitarizing Kosovo and after sending there foreign observers. Otherwise, the beginning and continuation of the dialogue will be in favour of the insincere aims of the Serb policy. Mr. Serreqi said that partial and untimely solutions that may be imposed on the Albanian people in Kosovo are unacceptable for the Albanian Government.

Adrian Nastase aired among others understanding on the matters the Albanian minister dwelt upon, the spokesman said. He supported the opinion of a peaceful solution, including here the crisis in Bosnia-Hercegovina and other conflicts in the region. He voiced the Romanian stand for the embargo on Serbia and Montenegro and regret over the violation of the Albanians' rights in Kosovo by the Serbs, who, according to him, are following a discriminating policy also towards the Romanian minority in Serbia. Only when the Yugoslav crisis is solved, Mr. Nastase underlined, the proper conditions may be created to see to the questions of Balkan cooperation, the spokesman said.

Parties Appeal to Iliescu for Equal Air Time

AU3007135692 Bucharest ROMPRES in English 1309 GMT 30 Jul 92

[Text] Bucharest ROMPRES 30/7/1992—The meeting between the parliamentary electoral commission of radio and television and the representatives of the parties that have no members in parliament, which started on July 29 at the Senate Headquarters, ended late in the evening after stormy talks in which the leaders of the respective political groupings opined that the election law was seriously discriminatory. Discontent was expressed over the fact that the parties that are not represented to parliament are compelled to pay for broadcasting time, while the parties with members in parliament pay nothing for the broadcasting time allotted to them, which is twice as long. All the political parties should have equal chances in the election race—was the conclusion reached by those who made addresses during the meeting with the parliamentary commission.

The leaders of non-parliamentary parties decided to appeal to the president of Romania urging him to urgently call an extraordinary session of parliament to amend the discriminatory provisions in the election law, equity and equal opportunities being thus secured for all the parties about to enter the election race.

Democratic Convention Opens Electoral Campaign

AU3007154092 Bucharest ROMPRES in English 1300 GMT 30 Jul 92

[Text] Bucharest ROMPRES, 30/7/1992—"The ideaforce underlying the election campaign of the Democratic Convention [CD] will be the idea of change and renewal," said Ion Diaconescu, first deputy chairman of the Christian and Democratic National Peasant Party (PNTCD), in the party's mouthpiece DREPTATEA of July 30 that marks the opening of the election campaign of the Democratic Convention. "The change should be made on the level of the political in the first place, as on all the other levels renewals will come by themselves," opined the PNTCD front-ranker showing that in his opinion "to make a real change in all the areas of life, we need support, we need investment and credits from the West." On the other hand, Ion Diaconescu said that "the local elections (held in February this year, when the Democratic Convention, a coalition of opposition parties, had great success—editorial note) proved that the process of recovery of the political life in Romania got under way."

Making a prognostication over the September elections, Diaconescu pointed out: "I think that the democratic

opposition will get a majority in Parliament, but that will be a relative majority. Therefore, the political spectrum should have to be expanded towards other groupings (left or right) to form a coalition government."

The Democratic Convention's candidate for the presidency of Romania, Emil Constantinescu, told the same newspaper that he opened his election campaign firmly believing that "the calm force of reason and democracy—the force of the Democratic Convention—will appeal to each Romanian citizen and will bring over the victory." Stelian Tanase, who represents the Civic Alliance Party, a member of the Democratic Convention, said in his turn that "the members of this coalition are determined to unfold an election campaign in conditions of absolute democracy, in the spirit of tolerance, a campaign which will not be, however, devoid of energy."

In his turn, Sergiu Cunescu, representing the Social Democratic Party [PSDR], told DREPTATEA that in his opinion "the Convention is the country's strongest political grouping" and expressed his hope that "it will strengthen further after the elections, turning into the force that will ensure Romania's rebirth."

FSN Begins Campaign; Iliescu Called 'Loser'

AU3107091192 Bucharest ROMPRES in English 0734 GMT 31 Jul 92

[Text] Bucharest ROMPRES 31/7/1992—The National Salvation Front (FSN) officially opened its electoral campaign Thursday, July 30, at Bucharest "Nasty" Club [as received]. Attending were Petre Roman, Caius Dragomir, Doru Viorel Ursu, Radu Berceanu, Gheorghe Albu, Sorin Vornicu, Victor Bostinaru, Bogdan Niculescu-Duvaz, Adrian Vilau, and Sorin Cristea.

The FSN nominee for president, Caius Dragomir, said among other things: "the Ion Iliescu complex must not be a handicap for those running for the presidency in Romania. Ion Iliescu is a loser now. His re-election pre-supposes an abnormal condition for the nation. The electoral campaign will mean for me perfect normality and full sincerity, openness and simplicity. A discontinuity will no doubt exist between the two parliaments, the one that closed its activity and the one to open after the polls."

For his part, the FSN leader, Petre Roman, characterized the electoral campaign of his party as "change challenging immobility."

Coposu Confirms King Declined PNL Candidacy

AU3007182692 Bucharest ROMANIA LIBERA in Romanian 28 Jul 92 p 1

[Article by Andrei Badin: "His Majesty Has Refused the Liberals' Proposal"]

[Text] Being in Geneva, the president of the Democratic Convention [CD] and of the National Peasant Christian Democratic Party [PNT-CD], Mr. Corneliu Coposu, made a statement exclusively for ROMANIA LIBERA on 27 July. Mr. Coposu emphasized that he had met with His Majesty King Mihai I of Romania on 26 July at the king's request to hold consultations in connection with the unusual proposal made by the National Liberal Party [PNL] to His Majesty the king to run in the presidential elections. Mr. Coposu said that he had told His Majesty that this was a trap that had caused his indignation. During the discussion His Majesty held with the liberal representatives, the sovereign emphatically declined to join the domestic political struggle by stressing that he prefers to be an arbiter who cannot get involved. The CD and PNT-CD president also said that His Majesty the king had told the liberal delegations that he does not plan on returning to the helm of the country other than the legitimate throne. Mr. Corneliu Coposu told us that the delegation that was sent to Versoix was the second echelon of that party: Neither the PNL president nor any of the liberal ministers in the government were part of this PNL delegation. Mr. Coposu also said that the reasons the PNL agreed to this initiative seem to be the removal of suspicions about the alliance with Mr. Ion Iliescu and stopping the PNL internal bleeding. Mr. Coposu specified that the PNL proposal was to involve His Majesty King Mihai I in the political struggle and thus humiliate him. In conclusion, the president of the Romanian opposition confirmed that His Majesty the King will address a message to the Romanian nation at the end of the week to discredit any rumor that is untrue.

Agreement on Road Transport Signed With Moldova

AU3007121492 Bucharest ROMPRES in English 1114 GMT 30 Jul 92

[Text] Bucharest, ROMPRES, 30/7/1992—A road transport agreement between the government of Romania and the government of the Republic of Moldova, based on equal treatment and mutual advantage was endorsed, aimed at regulating the transport between the two countries and the transiting of their territories. The document creates a legal framework for road transport and the documents accompanying passengers and goods, the issuance of payment permits for direct transit transport, the solving of litigations, and the modification or completion of the agreement.

Cabinet Discusses Merchant Fleet, Economic Issues

AU3007121692 Bucharest ROMPRES in English 0746 GMT 30 Jul 92

[Text] Bucharest, ROMPRES, 30/7/1992—In its July 29 session, the Romanian government discussed a note tabled by Transport Minister Traian Basescu on the current situation of the Romanian merchant fleet. The meeting decided that the data referring to the current condition of the fleet, the measures taken so far for the

technical and economic recovery of sea navigation companies, as well as to the consequences of their nonpayment of debts should be subject of a document to be advanced to Parliament.

Next, Budget Minister Florian Bercea presented the bill regarding the annual general account of the 1991 state budget, specifying as a positive element that the budget deficit was under the foreseeable one.

In the context, Premier Theodor Stolojan instructed that the state-run economic units which recorded losses should be identified and prevented from retrieving them through higher prices.

In view of striking a balance between domestic and foreign prices, the cabinet discussed the way of negotiating prices and tariffs following the liberalisation of the leu's exchange rate.

The executive adopted then several normative acts related to agriculture like: Decree on ensuring the due financial resources in 1992 to apply the land law and the decision regarding credit-giving to form agricultural products and foodstuffs stocks. In connection with the system of subsidizing agriculture, the relevant ministry and the Ministry of the Economy and Finance announced they would submit the government a package of proposals for changing the system by giving subsidies directly to farmers.

The cabinet decided that 1.5 billion lei should be earmarked from the state budget reserve to create optimal conditions for the oncoming elections. The decision specified both the expenses that can be made from the above-mentioned fund and their beneficiaries. In the same sequence of ideas, the cabinet approved of the financial resources needed to organize and operate the National Audiovisual Council, considering its role in the election campaign.

The executive also issued a decision on the circulation of vouchers, which provides the institutional framework—National Agency for Vouchers—for the control and validation of their issuance and circulation. The measure aims mainly at stimulating and enlarging the financing sources in the economy and, hence, at creating the nucleus of a future institution—the stock exchange.

Minorities Account for Majority of Emigrants

AU3007121292 Bucharest ROMPRES in English 0949 GMT 30 Jul 92

[Text] Bucharest, ROMPRES, 30/7/1992—In the first eleven months after the revolution, a number of 127,502 applications for departure abroad were approved, of which 78 percent belonged to persons who made them before 1989, shows an article on the emigration phenomenon with Romanians printed in the daily AZI that uses the review "Sociologia Romaneasca" (Romanian Sociology) as a source.

Data evince that touristic and official travels produce 20 percent of the foreign migration flow adding to which are 5-6 percent border trespasses. The article underscores that nearly 40 percent of the total emigrants are under 18 or under 18-25, while 20 percent belong to 41-40 and 41-50 years of age. The daily also notes that 70 percent of emigrants are not educated or graduated only from secondary schools, whereas 6.78 percent of them are highly skilled, of which 4 percent are physicians and pharmacists.

Referring to their reasons for leaving the country, the sociologic studies mentioned by the daily AZI show that, in an overwhelming proportion (96.60 percent) they invoke the reintegration of their family. The main countries of destination are Germany (77.7 percent), Hungary (8.27 percent), the U.S., Canada, and Sweden. Figures indicate German and Hungarian minorities as covering 84.81 percent of the migration flow, while the Romanians account for 14.66 percent of emigrants.

The areas where the emigration flow is low are in Moldova, Dobrogea, Muntenia, and Oltenia, those showing medium intensity are in Banat (Mehedinti, Caras-Severin Counties), and in Transylvania (Covasna, Hunedoara, Maramures, and Bihor Counties). The high intensity areas are Brasov, Sibiu, Mures, Cluj, Alba, Timis, Arad, and Satu Mare Counties, which concentrate 78.36 of the total emigrants, though they hold one quarter of the population's share. Bucharest, which has 10.01 percent of Romania's population, holds 6.16 percent of the emigration flow, the daily AZI specifies.

General Denies Forces Plan 'To Conquer Sarajevo'

LD3007165292 Belgrade TANJUG Domestic Service in Serbo-Croatian 1529 GMT 30 Jul 92

[Text] Belgrade, 30 Jul (TANJUG)—Colonel General Ratko Mladic, chief of the Army General Staff of the Serb Republic of Bosnia-Hercegovina, stated to Paul de La Gors, French journalist and military expert, that it is not the intention of the Serb forces to conquer Sarajevo, SRNA [SERBIAN NEWS AGENCY] reports.

SRNA cited Mladic's statement from yesterday's interview that the strategic goal of the Serb forces is to save "their nation from being annihilated" and that the forces he commands are positioned "where our Serb land is in the land registries." Mladic said that the "Serb population is defending only its own territory" and that he does not believe that the "international community will allow military intervention."

"If they do not accept the peace proposal and if there is military intervention, the war will not be limited only to our territory but will spread to the territories of those who brought war to this territory," Mladic stated, according to SRNA.

The chief of General Staff of the Serb forces in Bosnia-Hercegovina told the French journalist that the Republic of Croatia has about 60,000 soldiers on the territory of Bosnia-Hercegeovina and that there are no members of the Yugoslav Army on this territory.

According to SRNA, Gen. Mladic stated that his forces have "significant equipment" which they did not receive from "eastern German military depots."

"Following the decision to form the Federal Republic of Yugoslavia, all the soldiers, officers, and equipment were withdrawn from the territory of Bosnia-Hercegovina. The Serb nation and its army were left only with the military equipment which was evacuated amid fighting from blocked garrisons in Croatia and Bosnia-Hercegovina," SRNA cites Gen. Mladic.

Bosnian Forces 'Control' 45 Percent of Territory

LD3007163992 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 30 Jul 92

[Report by Slavko Rako from Sarajevo]

[Summary] There was shelling from the surrounding hills all last night, causing great material damage, especially in Dobrinja. Sporadic shelling continued this morning. Two people were seriously wounded by shrapnel in Centar Municipality. In the past 24 hours, four people have died in Sarajevo and 89 have been wounded.

"The news conference at the international press center was addressed today by Jovan Divjak, deputy chief of general staff of the Bosnia-Hercegovina Armed Forces. He told journalists about the state of readiness with which the aggressor embarked on the attack on Bosnia-Hercegovina, the lack of readiness of this republic for defense at the beginning of the war, and the leadership's long flirtation with the Yugoslav Army. In the information distributed from the armed forces headquarters, it is stated for the first time that the war in Bosnia-Hercegovina began with the attack on the Croatian village of Ravno in Trebinje Municipality. According to Colonel Divjak, at the beginning of the war the Territorial Defense Forces of Bosnia-Hercegovina were in control of 30 percent of the territory, but now the members of the armed forces control 45.7 percent of the territory of Bosnia-Hercegovina."

Bosnian Presidency Introduces 'War Tax'

AU2907120392 Belgrade BORBA in Serbo-Croatian 24 Jul 92 p 3

[N.B. report: "War Tax Introduced"]

[Text] Sarajevo—All legal entities in Bosnia-Hercegovina must pay a sum equaling the monthly fund of net personal incomes of the previous month to help meet the defense requirements of the republic. They must also make arrangements to ensure that all employees pay one month's personal income for the same purpose. Those who receive guaranteed incomes are exempt from this obligation. Persons who independently maintain production or professional services will have to pay a contribution to the value of 1,000 Deutsche marks.

This is contained in a decree with legal power that has been endorsed by the Presidency of the Republic of Bosnia-Hercegovina. Therefore, a war tax has been introduced. Until few days ago, the Bosnia-Hercegovina armed forces carried advertisements in the papers in which the residents were asked to donate voluntary contributions to help the armed forces. Judging by this decree, there were not enough voluntary donations. It is hard to believe that the income in the armed forces' budget will be big even after this decree.

SDU Leader Calls Current Situation 'Terrible'

LD3007201192 Belgrade TANJUG in English 1250 GMT 30 Jul 92

[Text] Belgrade, July 30 (TANJUG)—Leader of Croatia's opposition Social Democratic Union (SDU) Branko Horvat has described the current situation in the former Yugoslav republic as "terrible," saying the government in Zagreb is receiving orders by telephone from abroad.

"We have 500,000 unemployed people, our youth is leaving, our young soldiers are being killed (150,000 soldiers are on the fronts), there are no prospects, no legal safety, and Croatia is governed by the people without any qualifications to rule a country," said Horvat in an interview to the Croatian-language programme of the German Radio Deutsche Welle, monitored in Belgrade.

"The government is being instructed what to do by telephone from abroad, it is going around begging for Croatia to be admitted here and there. The E.C. has rejected our applications for some programmes, which I believe is the sign that the Community is beginning to implement sanctions," said Horvat, a professor in the economics.

The standard of living in Croatia has dropped at the level from 40 years ago, Horvat set out. "The country is full of hatred, they (the government) have no visions of how to incorporate Croatia into the global economy and international community as a whole," he added.

Only a part of the blame for such a situation is to be put on the war, Horvat said adding that the main cause was the "irresponsible and incompetent policy by the ruling party (Croatian Democratic Union)."

According to some general assessments, the war in Croatia has moved the political mood of Croats further towards the right. Horvat, as the leader of a left-wing party, has failed to obtain the minimum 10,000 signatures to run for president in the elections scheduled for August 2.

Horvat's party has waged its parliamentary election campaign under the motto "our list is free of fascists."

Croatia was recognized by the E.C. thanks to Germany. After the premature recognition, German Foreign Minister Hans-Dietrich Genscher persuaded Croatian President Franjo Tudjman to accept a U.N. peace plan. The plan envisaged the deployment of a 14,000-strong force in the Republic of Serb Krajina—a Serb enclave within Croatia's administrative borders.

The U.N. force was deployed after the fighting between the Croatian forces on one side, and local Serbs and the Yugoslav People's Army on the other.

Tudjman's Office Justifies Purchase of Home

92BA1247C Zagreb VECERNJI LIST in Serbo-Croatian 18 Jul 92 p 3

[Article by HINA (Croatian Wire Service): "Deceptions as a Part of the Campaign"]

[Text] Zagreb—The Office of the President has issued a press release concerning an article published in the most recent issue of the illustrated weekly GLOBUS. The press release, which was also sent to GLOBUS with a request that it be published in the next issue of that weekly [illegible] to the Law on Public Information, says:

"1. It is evident that your weekly has published an article on the purchase of the house of Dr. Franjo Tudjman, president of the republic, at the height of the election campaign. The documents accompanying the article are private in nature, they were obtained unlawfully, and accordingly the entire article violates the provisions of the Law on Public Information (Articles 6, 7, and 10). The article was written in order to throw mud at Dr. Franjo Tudjman, to besmirch his dignity, reputation, and honor.

"2. The application to purchase the dwelling covered by the right of tenancy and the application to conclude a contract on purchase of a dwelling were filed with the Commission for Housing Affairs of the Government of the Republic of Croatia (the owner of the real estate) on 22 April 1992, that is, two full weeks before the bill on amendments and supplements to the Law on the Sale of Dwellings Covered by a Right of Tenancy was first presented to the deputies in the Assembly. Your article does not, of course, mention that essential fact.

"3. The contract for purchase of the dwelling was concluded on 29 May 1992, and not, as your weekly wrongly states, on 3 June 1992, when the signatures of the contracting parties were merely certified.

"4. The Commission for Housing Affairs of the Government of the Republic of Croatia computed the sales price of the real estate in question consistent with the law and the prescribed procedure. That price did not include the value of work and equipment intended for the security system installed in the dwelling of the head of state. According to intelligence information, the president of the Republic of Croatia is one of the most threatened statesman in the world, and there is evidence of this in the bombing of Banski Dvor on 7 October 1991, when an attempt was made to assassinate him and thereby destabilize the Croatian state.

"All the security equipment installed in the home of the president of the republic will be returned to the Ministry of Internal Affairs of the Republic of Croatia when he leaves office.

"5. In the house which the president of the republic has purchased, there are, in all, three families living, who have invested almost all their savings in this purchase,

and Dr. Franjo Tudjman himself, aside from his savings from the sale of family real estate that was inherited and the sale of copyrights to his writings in Croatia and abroad, was forced to borrow a certain amount of money in order to meet his contractual obligation.

"6. In accordance with the Law on Purchase of Dwellings Covered by a Right of Tenancy, thousands of citizens have already exercised this right, and so Dr. Franjo Tudjman, as a citizen, has purchased a house in which he previously was only the holder of the right of tenancy.

"Aside from Dr. Franjo Tudjman, another dozen citizens, some of them party leaders, former prime ministers, and also presidential candidates in the present elections, have also exercised their right and purchased housing space in the same category.

"In view of what we have cited, it is obvious that the article of the newspaper GLOBUS is only part of the campaign aimed at discrediting the president of the Republic of Croatia and Dr. Franjo Tudjman, as a presidential candidate, not a person who has exercised his civil right in keeping with current legislation," states the press release of the Office of the President of the Republic.

Djukic Letter to Tudjman on Citizenship Problems

92BA1247F Zagreb VECERNJI LIST in Serbo-Croatian 17 Jul 92 p 4

[Open letter from Milan Djukic, president of the Serbian National Party, to the president of the Republic of Croatia: "Who Is To Get Croatian Citizenship"]

[Text] Dear Mr. President,

The Serbian National Party has on several recent occasions brought the problem of acquiring Croatian citizenship before the general public. Recently, citizens of all nationalities, especially the Serbian nationality, have been turning to the Republic of Croatia for the following reasons:

1. Members of families (spouse, children) are Croatian citizens, while the application for Croatian citizenship has been denied other members of the family (mother, father, children);

2. Differing opinions and actions exist and have been arising in public concerning Point 1, and they apply to exercising the right to vote and a number of other rights (private ownership, employment relations, rights under social security and old-age insurance, the right to education, etc.).

In view of the fact that the Republic of Croatia is a member of the United Nations and of the Conference on European Security and Cooperation, and accordingly has accepted international charters, conventions, and other documents, we point out the following:

Article 23, Point 1, of the International Convention on Civil and Political Rights states that the family is a natural and fundamental unit of society and has the right to be protected by society and the state.

The Convention on the Rights of the Child, and also the final communique of the Conference on European Security and Cooperation (Helsinki, 1975) particularly emphasized the need for favorable, humane, and speedy resolution of applications to bring families together and the concern of the state about employing persons permanently residing in it in order to bring together families whose members are its citizens, and that such persons should be ensured the same opportunities for education, health care, and social security as its own citizens.

In view of what we have stated, we personally address to you a request for urgent resolution of those problems.

With particular respect,

[Signed] Milan Djukic, president of the Serbian People's Party

Refugee Safety Zones Proposal Supported in Geneva

AU3007170292 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 30 Jul 92

[Barbara Kramzar report on news conference by the Slovene delegation to an international conference on Bosnia-Hercegovina refugees held in Geneva in Ljubljana on 30 July—recorded]

[Text] [Krazmar] More than 2 million displaced persons from Bosnia-Hercegovina and the horrifying vision of the new European Palestinians, which all Bosnians of Muslim nationality are turning into, is slowly alerting Europe and the world. Now, a few months before the winter, cold, hunger, and the new wave of refugees, the Bosnian tragedy is no longer merely a shocking television picture and cold statistics. Through the refugees, this tragedy is also becoming a sad reality for those countries that are not directly involved in the Balkan clashes. That is precisely why the Slovene proposal on safety zones for Bosnia-Hercegovina refugees was supported at yesterday's Geneva conference on refugees from the territory of the former Yugoslavia. If the experts of the UN Office of the High Commissioner for Refugees present the Slovene proposal sufficiently well to the UN Security Council and the latter endorses it and starts implementing it, then perhaps the idea on safety zones will influence a different solution to the Bosnian conflict.

Joze Pucnik, Slovene vice president, assessed that:

[Pucnik] I would say that there are realistic chances that something will come out of this proposal. Namely, this proposal has two dimensions. There is a statement referring to the issue of the refugees, but it actually implies an intervention in this territory.

[Kramzar] A doctrine on a cease-fire that would facilitate any sort of humanitarian actions is no longer sufficient, and the UN itself has realized this, Dr. Danilo Tuerk added.

Numerous European participants at the conference supported the idea of safety zones in Bosnia, and the Americans favored an unyielding solution to the refugees' problem. The Slovene representatives believe that such stands promise a defeat of the Serbian tactics of fait accompli and deception of the world, which was again demonstrated at the Geneva conference by FRY Prime Minister Milan Panic.

Dutch Minister Arrives, Visits Refugee Camps

AU3007201392 Ljubljana Radio Slovenia Network in Slovene 1700 GMT 30 Jul 92

[Text] Dutch Foreign Minister Hans van den Broek and his assistants arrived on an official visit to Slovenia this afternoon. Immediately upon arrival, he visited the refugees' camp in Roska Street in Ljubljana. The main part of the visit will be tomorrow's signing of the joint declaration on bilateral relations between the two states. Besides his host, Slovene Foreign Minister Rupel, Van den Broek will be also received by Milan Kucan, president of the Slovene Presidency, Prime Minister Janez Drnovsek, and others. He will then go on a private visit to Bled for few days.

Accord Reached on Early Admission to EBRD

92P20350A Ljubljana DELO in Slovenian 20 Jul 92 p 4

[Vojko Flegar report: "Prospect for Transport Projects"]

[Excerpt] Vienna, 19 Jul—According to Prime Minister Janez Drnovsek, Slovenia can count on an early membership in the European Bank for Reconstruction and Development (EBRD), regardless of the still unsolved problem of the Yugoslav succession. Thereby, one of the major obstacles for financing Slovene projects, especially transport links, by the EBRD would be removed.

Drnovsek and Jacques Attali, president of the EBRD, reached an agreement on the "formula to solve the membership problem" at the meeting of the Central European Initiative (CEI) in Vienna. Attali attended the meeting as one of the potential "cofinanciers" of the projects, which the organization members are to coordinate or carry out jointly. In this regard, many things are not yet clear, particularly Slovenia's interest in the Trieste-Budapest road link. Janez Drnovsek and Croatian Prime Minister Franjo Greguric mentioned two projected routes: Drnovsek's via Ljubljana (Slovenia) and Greguric's via Zagreb (Croatia). Unofficially, other members are leaving it to Slovenia and Croatia to reach an agreement. However, Hungary allegedly favors "only one border" in principle, which means the route through Slovenia.

Drnovsek stated to DELO: "Mr. Attali has expressed support for our projects; of course, that still does not exclude the transport links advocated by Croatia. The aforementioned road represents a section of the 'transcontinental highway' from Barcelona to Kiev, which is why the EC is also interested in it. With the cooperation of the EC, its investment bank, and the EBRD, we could gain substantial financing, and I think that we have to do everything to achieve a breakthrough. We have to make speedy reparations since we have stalled enough with similar projects in the recent past, e.g., the chain of power plants on the Sava river. We simply must not get into a situation in which we obtain foreign financing and then let the matter stall on our own account." [passage omitted]

Federal

Army Denies Signing Agreement on Withdrawal

LD3007210392 Belgrade TANJUG in English 1902 GMT 30 Jul 92

["Pool" item]

[Text] Podgorica, July 30 (TANJUG)—The Yugoslav Army on Thursday [30 July] denied signing any agreement with the Croatian Army to withdraw from the Dubrovnik area.

Yugoslav and Croatian Army representatives, who met on Wednesday, discussed only procedures which must be observed before the Yugoslav Army's evacuation from the area, the information service of the Podgorica Corps said in a statement.

The talks took place aboard the British cruiser Avenger in the international waters of the Adriatic Sea. The Yugoslav side was represented by General Pavle Strugar, and the Croatian, by General Janko Bobetko.

The Podgorica Corps said they set no date for the withdrawal of the Yugoslav Army from the Dubrovnik area and that the evacuation, if it should take place, would last eight days.

The Corps denied a Croatian Radio report that the two sides had signed an agreement on an unconditional withdrawal of the Yugoslav Army from the occupied Dubrovnik area within eight days.

Panic Comments on Meetings With Foreign Statesmen

AU3007151992 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 30 Jul 92

[Text] Respected listeners, in the first half of the program we informed you about this morning's visit to Budapest by Prime Minister Milan Panic where he held talks with his colleague Jozsef Antall. Prime Minister Panic arrived in Belgrade some time before 1500 and held a brief news conference at Belgrade airport. My colleague Slobodan Jankovic has just arrived from that news conference, so let us hear what Prime Minister Panic said.

[Begin Jovanovic recording] I managed to write down some notes, but a more detailed report will be carried in the "Argument More" program, since we do not have much time now. We will highlight a few important sentences from the most important things that Panic said at Belgrade airport. That is to say: I have brought promises from the governments of all the countries I visited that they would support us in our efforts to achieve peace.

Prime Minister Panic reiterated that a Conference on Yugoslavia will be held in the second half of August in either London or Paris, as he put it. This is one of the hopes for a better future.

He then told reporters that he had proposed to Hungarian Prime Minister Antall that a conference be held between neighboring countries on the situation in Yugoslavia. We will see how this initiative develops in the future.

Listing the politicians that he had seen on his travels, Prime Minister Panic said that just these names bear witness to the success of his mission. Otherwise, he plans to meet President Bush and German Chancellor Helmut Kohl. These two meetings are yet to come, but because Bush is busy and Kohl is on vacation. He was not able to talk to the two politicians in question at this time.

In reply to a question from reporters on the threat of expulsion from the United Nations, Panic cited the promise from Russian President Boris Yeltsin that he would veto any demand for Yugoslavia to be expelled. This is one of the guarantees, in Panic's opinion, that an expulsion will not happen.

I have to restore the Yugoslavs' standing in the world, and I have been working on this. This is how Prime Minister Panic concluded his brief improvised news conference at Belgrade airport on his return from Budapest. [end recording]

Statistics Bureau Reports July Inflation Rate

LD3007195392 Belgrade TANJUG in English 1345 GMT 30 Jul 92

[Text] Belgrade, July 30 (TANJUG)—Inflation in Yugoslavia in July stood at 62 percent, Mirjana Rankovic, assistant director of the Federal Bureau of Statistics, announced on Thursday [30 July].

Speaking at a press conference in Belgrade, Rankovic said retail prices grew slowly than in June, when inflation reached a record 102.3 percent. Compared with the same month in 1991, inflation increased by 5,717.8 percent.

Living costs rose by 54.6 percent. slightly less than retail prices, because food products, whose prices grew by less than 15 percent, accounted for a greater share of the living costs.

Serbia

Bulgarian Diplomats Visit Ethnic Areas

AU3007183892 Sofia BTA in English 1819 GMT 30 Jul 92

[Report by Nikola Kitsevski]

[Text] Belgrade, July 30 (BTA)—For the first time after World War II diplomats of the Bulgarian Embassy in Belgrade, Mr. Stefan Stratiev and Mr. Marin Raykov, visited the regions with compact Bulgarian population in eastern Serbia (the Western Outlands). They held talks with representatives of the local authorities and the major political forces, including the Democratic Union of Bulgarians in Yugoslavia. The sides discussed bilateral cooperation and the condition of the Bulgarian minority in Serbia. Bulgaria expressed willingness to promote good-neighbourly relations and called on Serbia

to guarantee the rights of the Bulgarian minority in keeping with the principles established by the Conference on Security and Cooperation in Europe.

According to a 1981 census, over 35,000 Bulgarians lived in Serbia, mainly in the Dimitrovgard, Bosilegrad, Surdulica and Babusnica municipalities in the Western Outlands. The census in 1991 set their number at 25,000.

Assembly Adopts Law on POLITIKA Enterprise

LD3007222192 Belgrade TANJUG Domestic Service in Serbo-Croatian 2058 GMT 30 Jul 92

[Text] Belgrade, 30 Jul (TANJUG)—Late this evening, after a four-day discussion, the Serbian Assembly adopted in full a law on POLITIKA public enterprise. The majority of deputies voted in favor of the law whereby the assets of this newspaper house will become state property. Eight deputies voted against and there were four abstentions.

As a public enterprise, whose director and management board will be appointed by the republican government, POLITIKA will begin production as early as 1 August.

Despite a great deal of dissension on the part of the opposition and after an exhausting discussion the draft of the government's text of the law remained almost unchanged, because out of 300 amendments only a handful were adopted—those which did not have a fundamental effect on its substance.

The deputies also adopted the initiative of Dragan Malovic (Serbian Socialist Party) that the government should submit a progress report to the Assembly on the transformation of POLITIKA within two months.

Kosovo

Ethnic Albanians Reiterate Demand for Republic

LD3107125592 Belgrade TANJUG Domestic Service in Serbo-Croatian 1101 GMT 31 Jul 92

[Text] Pristina, 31 Jul (TANJUG)—If they are invited to take part in the international Conference on Yugoslavia, representatives of the so-called "Albanian government" in Kosovo will not give up their demand for "Kosovo as a republic." "This is our basic demand and it will not undergo any change," Fehmi Agani, vice chairman of the Democratic Alliance of Kosovo [Demokratski savez Kosova] said at a news conference on 31 July.

According to Agani, the issue of Kosovo and Albanians is one of the basic problems which the international Conference on Yugoslavia should resolve. Hence, "The justified hope and expectation that we will be invited, especially because we have legally elected representatives of the Albanian people," Agani says.

Government To Stimulate Development

LD3007122692 Belgrade TANJUG Domestic Service in Serbo-Croatian 1726 GMT 29 Jul 92

[Excerpt] Belgrade, 29 Jul (TANJUG)—Today, the Serbian Government passed a decision to invest almost 500 million dinars by the end of the current year to stimulate the development of Kosovo and Metohija, the republic's Ministry of Information has announced. The investment program is designed to stop Serbs and Montenegrins from moving out of the province and to encourage those who have left to return. The largest amount of the investment program will be used to finance the construction of 346 apartments in Pristina, Pec, Urosevac, Mitrovica, Srbica, Podujevo, Istok, Zvecane, and Gnjilane. [passage omitted]